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INSIGHTS

AUDIT & ASSURANCE

ISA 260 communication with governance in Cambodia

How a Cambodian auditor communicates with those charged with governance under ISA 260: the matters, timing, two-way dialogue, written communication and independence.



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WHAT MUST A CAMBODIAN AUDITOR COMMUNICATE TO THOSE CHARGED WITH GOVERNANCE UNDER ISA 260?

ISA 260 requires the auditor to communicate with those charged with governance the auditor's responsibilities, the planned scope and timing of the audit, the significant findings, the significant risks, the judgements, the uncorrected misstatements, the internal control deficiencies and the independence matters. The communication should be timely, clear and two-way, and significant matters should be in writing. In Cambodia, the governance body may be the board, the audit committee or the owner-manager; the auditor should identify the appropriate body and document the communication.

IN SHORT

- Those charged with governance oversee the entity and are accountable to stakeholders; the body may be a board, an audit committee or an owner-manager.
- Communicate the auditor's responsibilities, the planned scope and timing, the significant findings, the risks, the judgements and the uncorrected misstatements.
- Significant matters should be communicated in writing; the communication should be timely and two-way.
- Internal control deficiencies and independence matters are part of the communication.
- In Cambodia, identify the governance body, document the communication and use the language the recipients understand.

Who is charged with governance?

Those charged with governance are the person or persons with responsibility for overseeing the strategic direction of the entity and its obligations related to accountability. The body may be a board of directors, an audit committee, a supervisory board, a trustee or, in an owner-managed company, the owner-manager.

The auditor identifies the appropriate body and the individuals to communicate with. In a group, the governance may be at the parent or the component level; the group auditor and the component auditor should coordinate.

The auditor should document the governance structure, the individuals and the communication. A communication with management alone is not sufficient when the matter is significant and the governance body is separate.

What to communicate

The auditor communicates the auditor's responsibilities in the audit, the planned scope and timing, and the significant findings. The significant findings include the significant risks, the auditor's judgements, the uncorrected misstatements, the internal control deficiencies and the independence matters.

The communication should explain the effect of the findings on the financial statements and the audit. A list of findings without the effect and the recommended action is less useful.

The auditor should also communicate the expected form and content of the audit report, including any modification, and the significant difficulties encountered during the audit.

ISA 260 COMMUNICATION MAP

Matter	When	Form
Auditor's responsibilities	Planning	Engagement letter / meeting
Planned scope and timing	Planning	Meeting / written plan
Significant risks and findings	During and at completion	Written for significant matters
Uncorrected misstatements	Completion	Written schedule
Internal control deficiencies	Completion	Management letter / written report
Independence	At least annually	Written

Timing, form and two-way communication

The communication should be timely. Planning matters are communicated early; significant findings and misstatements are communicated as they arise and at completion. A material misstatement or a significant deficiency should not wait for the final meeting.

Significant matters should be in writing. The auditor should document the communication, the response and any action agreed. A verbal communication that is not documented is difficult to evidence.

The communication is two-way: the auditor invites the governance body to raise matters, ask questions and provide information. The auditor should consider the governance body's response and follow up on any matter it raises.

Cambodian practice

In a family-owned or owner-managed Cambodian company, the owner-manager may be both management and governance. In that case, the auditor communicates with the owner-manager and documents that the same person holds both roles. The communication should still cover

the significant matters.

In a bank, insurer, listed company or larger group, the board or audit committee is the governance body. The auditor should agree the communication protocol, the participants and the language. A bilingual board pack may be needed.

The management letter is not the same as the ISA 260 communication. The management letter reports internal control findings to management; ISA 260 communication is to those charged with governance and covers the audit, the findings, the misstatements and the independence.

> **Communication is not the management letter**
>
> The management letter reports control findings to management. ISA 260 communication is to those charged with governance and covers the audit, the significant findings, the misstatements and independence.

Documentation and group audits

The auditor documents the governance structure, the matters communicated, the timing, the form, the recipients and the response. The documentation should be sufficient to show that the communication occurred and that significant matters were addressed.

In a group audit, the group auditor communicates with group governance, and the component auditor communicates with component governance. The group auditor should set the protocol and ensure that significant component matters are escalated.

- Governance structure and recipients.
- Planning communication and audit plan.
- Significant findings, risks and judgements.
- Uncorrected misstatements and control deficiencies.
- Independence and the audit report.

Key facts

How this article is checked

Figures were verified against the sources listed below in November 2026 and are re-checked each January or when the rule changes. Written by Liv Bonito, Co-founder & Managing Director. General information, not advice on your situation: for that, talk to a partner.

QUESTIONS

Questions people ask

Who are those charged with governance?

The person or persons responsible for overseeing the entity's strategic direction and accountability. That may be the board, an audit committee, a supervisory board or, in an owner-managed company, the owner-manager.

Does every communication need to be in writing?

Significant matters should be in writing. Planning and routine matters may be communicated verbally, but the auditor should document the communication and the response.

Can the auditor communicate only with management?

Not when the matter is significant and a separate governance body exists. ISA 260 requires communication with those charged with governance. Communication with management alone is not sufficient.

What is the difference between ISA 260 and the management letter?

The management letter reports internal control findings to management. ISA 260 communication is to those charged with governance and covers the audit, the significant findings, the uncorrected misstatements and independence.

SOURCES

Where the rules come from

01 ISA 260 Communication with Those Charged with Governance — IAASB / KICPAA

02 ISA 265 Communicating Deficiencies in Internal Control to Those Charged with Governance and Management — IAASB / KICPAA

03 ISA 700 Forming an Opinion and ISA 701 Key Audit Matters — IAASB / KICPAA

04 CISA / CISQM standards applied in Cambodia — Kampuchea Institute of Certified Public Accountants and Auditors (KICPAA)