



The Governor

Directive 4230/2022-00029[613] of 24/08/2022 Determining regulated Institutions Audited by Tier ii Audit Firm and tier iii External Auditor and Setting Criteria for Accreditation of tier iii External Auditor

Pursuant to Law N° 48/2017 of 23/09/2017 governing the National Bank of Rwanda as amended to date, especially in its articles 6, 6bis, 8, 9, 10 and 15;

Pursuant to Law N° 072/2021 of 05/11/2021 governing deposit-taking microfinance institutions, especially in its articles 36 and 106;

Pursuant to the Regulation N° 44/2022 of 02/06/2022 determining requirements and other conditions for accreditation of external auditors for regulated institutions, especially in its articles 3 and 6;

Having reviewed the Directive N° 2100/2018-006[613] on conditions for accreditation of external auditors for small SACCOs and other requirements;

Having reviewed the Directive N° 4230/2020-00014[613] of the National Bank of Rwanda on conditions for accreditation of external auditors for foreign exchange bureaus;

The National Bank of Rwanda hereafter referred to as « **Supervisory Authority** » decrees:

CHAPTER ONE: GENERAL PROVISIONS

Article One: Purpose

This directive determines regulated institutions to be audited by Tier II audit firm and Tier III external Auditor. It also set criteria for the accreditation of Tier III external Auditor.

Article 2: Definition of terms

For the purpose of this Directive, the following terms have the following meanings:

- 1° **Regulated Institution:** any Institution licensed and supervised by the Supervisory Authority;
- 2° **Tier I audit Firm:** any audit firm with at least two active partners with Practicing Certificates issued by the Institute of Certified Public Accountants of Rwanda (ICPAR) accredited to audit all regulated Institutions and that meet all the requirements of the Regulation N°

44/2022 of 02/06/2022 determining requirements and other conditions for Accreditation of External Auditors for regulated Institutions;

- 3° **Tier II audit firm:** Any audit firm with at least a sole partner with a practicing certificate issued by the Institute of certified Public accountants of Rwanda (ICPAR) accredited to audit regulated Institutions determined by this Directive;
- 4° **Tier III External Auditor:** Any Natural Person accredited to audit regulated Institutions determined by this Directive.

Article 3: Regulated Institutions audited by Tier II audit Firms

Tier II audit firms are authorized to audit all regulated institutions except the following that are audited by Tier I audit firms:

- 1° Banks;
- 2° Insurers;
- 3° Deposit Taking Microfinance companies with equal and above FRW 20 billion of total assets
- 4° Deposit Taking Microfinance cooperatives with equal and above FRW 20 billion of total Assets;
- 5° a credit bureau;
- 6° Mandatory pension scheme;
- 7° Special Guarantee Fund;
- 8° E- Money Issuers;

Article 4: Regulated Institutions audited by Tier III External Auditor

Tier III external Auditor is only authorized to audit the following regulated Institutions:

- 1° Deposit taking Microfinance Cooperatives with below one Billion of total assets;
- 2° Forex Bureaus Category 2 as defined in Directive on Geographical Categorisation of Forex Bureaus.

Article 5: Freedom to appointment of Tier I audit firm

Notwithstanding with the provisions of articles 3 and 4 of this Directive, any regulated Institution is free to appoint the Tier I audit firm subject to that it takes into account all audit related costs.

CHAPTER II: ACCREDITATION OF TIER III EXTERNAL AUDITOR AND OTHER REQUIRMENTS

Article 6: Accreditation requirements for Tier III External Auditor

Any External auditor seeking to be accredited as Tier III external auditor must have the following minimum entry requirements:

- 1° a minimum of bachelor's degree in accounting, finance, economics or related field;
- 2° certified professional certificate in ACCA, CPA, CFA, CISA or similar professional certificates;
- 3° Membership certificate from Institute of Certified Public Accountants Rwanda (ICPAR);
- 4° Minimum experience of two (2) years in accounting and or auditing field;
- 5° Pass the fit and propriety test.

Article 7: Application for Accreditation

The applicant shall submit to the Supervisory Authority the following documents;

- 1° application letter;
- 2° certified academic degrees and professional certificates;
- 3° detailed curriculum vitae;
- 4° work certificates;
- 5° an original copy of the police clearance;
- 6° tax clearance certificate; where applicable;
- 7° a copy of the Identity card;
- 8° The proof of the nonrefundable application fee of fifty thousand Rwandan Francs (50,000 FRW)

In case the applicant meets the Accreditation requirements, the supervisory authority issue an Accreditation letter. When the applicant does not meet the Accreditation requirements, the Supervisory authority reject the application and informs the applicant the reasons for the rejection.

Article 8: Annual Accreditation Fee

Tier III External auditor shall pay Annual Accreditation fee of fifty thousand Rwandan Francs (50,000 FRW). This fee shall be paid on Supervisory Authority account and the Proof of payment be submitted to the Supervisory Authority not later than the last working day of April of the following year. The nonpayment of the Accreditation fee shall lead to the Revocation of the Accreditation.

Article 9: Review of External Auditor's Accreditation

Tier III External Auditor's accreditation shall be reviewed pursuant to regulation n° 44/2022 of 02/06/2022 determining requirements and other conditions for Accreditation of External Auditors for regulated Institutions. Nonetheless, the granted Accreditation may be revoked or suspended by the Supervisory Authority whenever deemed necessary.

CHAPTER III: MISCELLANEOUS AND FINAL PROVISIONS

Article 10: Compliance with the Regulation

The Tier III external auditor shall comply with the Professional responsibilities, obligations and other requirements provided for in the regulation No 44/2022 of 02/06/2022 determining requirements and other conditions for Accreditation of External Auditors for regulated Institutions.

Article 11: Capacity Development of Tier III External Auditor

Tier III External Auditor is required to undergo refresher courses offered by the recognized Institutes especially in International Financial Reporting Standards (IFRSs), International Standards on Auditing (ISAs), Corporate Governance and Professional ethics at least once within a period of three (3) years.

Article 12: Saving and Repealing Provision

Except article 5 of Directive N° 2100/2018-006[613] on conditions for Accreditation of External Auditors for small SACCOs and other requirements, its other provisions as well as the Directive N° 4230/2020-00014[613] of the National Bank of Rwanda on conditions for Accreditation of External Auditors for Foreign Exchange Bureaus are hereby repealed.

Article 13: Commencement

This directive shall come into force by the date of its signature.

Done at Kigali, August 24, 2022

RWANGOMBWA John
Governor