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Republic of Rwanda

Rwanda ROSC A&A 2015

Report on the Observance of Standards and Codes
– Accounting and Auditing

November 2015

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AFRICA



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Currency Equivalents

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ABBREVIATIONS AND ACRONYMS

A&A	Accounting and Auditing
ACCA	Association of Chartered Certified Accountants
AFROSAI	African Organisation of Supreme Audit Institutions
AQA	Audit Quality Assurance
CAP	Country Action Plan
CAT	Certified Accounting Technician
CFA	Chartered Financial Analyst
CIMA	Chartered Institute of Management Accountants (UK)
CPD	Continuing Professional Development
EAC	East African Countries
EDPRS	Economic Development and Poverty Reduction Strategy
FDI	Foreign Direct Investment
FSDP	Financial Sector Development Plan
GBE	Government Business Entities
GDP	Gross Domestic Product
GGODR	Governance Global Practice
GMFDR	Macro and Fiscal Management Global Practice
GoR	Government of Rwanda
GRI	Global Reporting Initiatives
HEC	Higher Education Council
IAESB	International Accounting Education Standards Board
ICAEW	Institute of Chartered Accountants in England and Wales
iCPAR	Institute of Certified Public Accountants of Rwanda
IDC	Investigation & Disciplinary Committee
IES	International Education Standards
IESBA	International Ethics Standards Board for Accountants
IFAC	International Federation of Accountants
IFIAR	International Forum of Independent Audit Regulators
IFRS	International Financial Reporting Standards
IFUSE	Investment Facility for Utilising Specialist Expertise
IIRC	International Integrated Reporting Council
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
ISA	International Standards on Auditing
LICs	Lower Income Countries

MINECOFIN	Ministry of Finance and Economic Planning
MOSAIC	Memorandum of Understanding to Strengthen Accountancy and Improve Collaboration
MoU	Memorandum of Understanding
NBFI	Non-Bank Financial Institutions
NBR	National Bank of Rwanda
OCAG	Office of the Comptroller and Auditor General
OCAM	Organisation Commune Africaine, Malagache et Mauricienne
PIE	Public Interest Entity
PSF	Private Sector Federation
ROSC	Report on the Observance of Standards and Codes
RRA	Rwanda Revenue Authority
RSE	Rwanda Stock Exchange
RSSB	Rwanda Social Security Board
RURA	Rwanda Utilities Regulatory Authority
SACCO	Savings and Credit Cooperative Society
SOE	State Owned Enterprise
SME	Small and Medium-sized Entity
SMO	Statement of Membership Obligation
SMP	Small and Medium-sized Practice
WBG	World Bank Group

PREFACE

The international financial community considers that the implementation of internationally recognized standards and codes provides a framework to strengthen domestic institutions, identify potential vulnerabilities and improve transparency. The Report on the Observance of Standards and Codes - Accounting and Auditing (ROSC A&A) program is part of a 12-module joint World Bank-IMF initiative to assist member countries to strengthen their financial systems by improving their capacity to comply with internationally recognized standards and codes.¹

The ROSC A&A² program evaluates three pillars that underpin high quality financial reporting; (a) the adequacy of the reporting *requirements*, (b) the sufficiency of the *capacity* to implement applicable laws, standards and codes, and (c) the effectiveness of *enforcement* mechanisms for ensuring compliance with the requirements by assessing the following necessary elements: legislative framework, accountancy profession qualification, accounting and auditing standards applied in the country, strength of the professional accountancy organizations and efficiency of regulation of the profession to come up with recommendations which if implemented will contribute to high quality financial reporting, further improving the business environment in Rwanda.

This second Rwanda ROSC A&A, a follow up to the 2008 report, was conducted by the World Bank at the request of the Government of Rwanda³. Its objective is to establish the extent of implementation of the 2008 ROSC A&A recommendations and their impact on the country; as well as identify emerging issues and weaknesses that have emerged since the last ROSC A&A in the institutional framework that underpins the accountancy profession - namely legislative framework, accountancy qualification, accounting and auditing standards applied in the country, strength of the professional accountancy organizations and efficiency of regulation of the profession. This report proposes recommendations that would help to address the emerging issues and weaknesses. The rationale is to link this review with private sector development in relation to corporate reporting, increased competitiveness and inclusive economic development.

The review was conducted by a World Bank team comprising: Josephine Kabura Kamau (Task Team Leader, Senior Financial Management Specialist, GGODR), Aleksandar Kocevski (Operations Officer, GGODR), Lillian Namutebi (Financial Management Consultant, GGODR), Sonny Mabheju (Consultant, GGODR), Deogratias Musonera (Consultant, GGODR), Bathilde Jyulijyesage (logistical support, Program Assistant, AFMRW) and Sylvie Ingabire (logistical

¹The 12 ROSC modules are: monetary and financial policy transparency; fiscal policy transparency; data dissemination; banking supervision; securities regulation; insurance supervision; crisis resolution and deposit insurance; insolvency; corporate governance; accounting and auditing; payment, clearing and settlement; and market integrity.

²An overview of the ROSC (A&A) program, including detailed methodology, is available at <http://www.worldbank.org/ifa/roscaa.html>.

³Through a letter from the Minister of Finance and Economic Planning which reads in part...*The Government wishes to specifically request the World Bank to undertake the second ROSC A&A that should help us (i) assess the comparability of national accounting and auditing standards with international standards and (ii) assist the country in developing and implementing a country action plan for improving the institutional framework that underpins corporate reporting regime in the country.*

support, Team Assistant, AFMRW). Renaud Seligmann and George Addo Larbi, (Practice Mangers, GGODR) and Winston Percy Onipede Cole (Senior Financial Management Specialist, GGODR) have provided overall support and strategic guidance to the task team. The review was carried out through a participatory process involving various stakeholders from the Government, Professional Accountancy Organizations, Regulatory Bodies, Audit Firms, Bank and Insurance Companies, Corporate and Public sector entities, business communities and academia. The report also benefited from the incisive suggestions received from the peer review team: Patrick Kabuya (Senior Financial Management Specialist, GGODR); Nora Carina Dihel (Senior Trade Economist, GTCDR), Alexander S. Berg (Senior Financial Sector Specialist, GFMDR), Andrei Busuioc (Senior Financial Management Specialist, ECCAT), and Ashani Chanuka Alles (Operations Officer, GTCDR).

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EXECUTIVE SUMMARY

1. The Report on the Observance of Standards and Codes - Accounting and Auditing (ROSC A&A) program is part of a 12-module joint World Bank-IMF initiative to assist member countries to strengthen their financial systems by improving their capacity to comply with internationally recognized standards and codes. The program focuses on the institutional framework underpinning national accounting and auditing practices, and degree of conformity with international standards and good practices. The initial ROSC A&A for Rwanda was carried out in 2008 and provided a key input in designing necessary financial reporting reforms in the country. The 2015 update is a valuable tool for monitoring the effectiveness of the reform program. It assesses the degree to which the recommendations of the 2008 ROSC A&A review have been implemented, identifies issues that have emerged since the last review, and proposes a number of recommendations aimed at further strengthening the quality of corporate financial reporting and auditing which contributes to improving business climate, investors' confidence and economic growth potential of Rwanda.

2. **Rwanda has made significant progress in strengthening its pillars of corporate financial reporting since the first ROSC A&A, but more needs to be done.** Most of the recommendations made in 2008, which can be grouped under four broad sections, have been addressed to different degrees as follows:

- ***Institutional Capacity Strengthening:*** The Institute of Certified Public Accountants of Rwanda (iCPAR) was established in 2008 and the iCPAR Law requires that accounting and auditing standards in Rwanda should be consistent with international standards, and that the Code of Ethics should be consistent with the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants. This requires iCPAR to constantly monitor actual practices in Rwanda to ensure that gaps do not develop between practice and the requirements of the standards and code. The professional body, now associate member of the International Federation of Accountants (IFAC), is currently supporting implementation of standards by bringing awareness and dissemination through its Inspection Commission. iCPAR has developed its own qualification and the first two iCPAR members qualified in December 2014. Four technicians have qualified under iCPAR. Despite this progress, iCPAR still faces significant challenges mostly related to inadequate financial and institutional capacity necessary for it to be a strong professional accountancy body able to meet its legal mandate and IFAC's Statement of Membership Obligations (SMOs). To achieve this, iCPAR needs to further strengthen its governance and secretariat structures, and have access to sustainable funding. The various regulators, Office of the Auditor General and audit firms are facing the same challenge of inadequate technical capacity caused by the shortage of qualified professional accountants in Rwanda. All these institutions are finding it difficult to attract and retain appropriately qualified staff, a problem that can only be solved by increasing the supply of qualified professionals in Rwanda and providing them with sufficiently attractive terms and conditions.
- ***Monitoring and Enforcement of Accounting and Auditing Standards:*** This is currently not taking place, as the Audit Quality Assurance (AQA) function at the iCPAR has not been operational from the time it was established in 2012, and not staffed since June

2014. However, plans are under way to re-establish this important function, for which the framework has been prepared, with technical assistance from the Association of Chartered Certified Accountants (ACCA) and the UK's Investment Facility for Utilising Specialist Expertise (IFUSE), run by the Department for International Development (DFID).

- ***Improving Professional Education and Training***; iCPAR has no influence over curricula leading to its qualification at training institutions including universities. Currently curricula development is the responsibility of the Higher Education Council (HEC) and collaboration between HEC and iCPAR in curriculum development is currently not taking place. A train-the-trainer program on international standards has not been put in place by iCPAR. Industry specific training is being done by the Private Sector Federation (PSF) for its members, but the scale needs to be increased to especially cover the Small and Medium Enterprises.
- ***Other***: Auditor rotation is mandatory for all entities regulated by the National Bank of Rwanda (NBR) but not for all other entities. Awareness programs for improving compliance with financial reporting requirements are the responsibility of the Inspection Commission at iCPAR. iCPAR needs to increase its institutional capacity to be effective in all its activities and responsibilities affecting its mandate and obligations, including its Inspection function.

Of the twenty one recommendations made in 2008, seven have been fully implemented, eleven partially implemented and three not yet implemented. This is quite commendable progress, given that the profession is quite young in Rwanda. Table 2 identifies the reasons why some of the recommendations have not been implemented or are implemented partially. The reasons mainly relate to the shortage of qualified accountants in the country and inadequate capacity in terms of numbers and skills at iCPAR.

3. **There has been good progress in a number of areas since the last ROSC A&A.** Various statutes have been passed, amended or replaced, leading to improvements in the statutory financial reporting requirements and giving legal backing to adopted standards. These legal reforms include;

- Law 07/2009 which improved the statutory framework for financial reporting and auditing by companies and requires all companies other than “Small Private Companies” to appoint auditors and submit financial statements which comply with international standards.
- Law 07/2008 was passed to regulate financial reporting by banks and non-banking financial institutions.
- The Capital Markets Authority was established in 2011 to regulate the capital markets including the Rwanda Stock Exchange.
- State Owned Enterprises are required to comply with IFRS.

4. There are a number of regulators in the country (although requiring strengthening) aimed at improving stability and quality of financial reporting in the regulated sectors. The iCPAR is already running its own examinations. It has made significant progress in the provision of Continuing Professional Development (CPD) to its members and the wider public, while bringing awareness to changes in international standards through the Inspection Commission. The ongoing implementation of the International Public Sector Accounting Standards (IPSAS)

by the Ministry of Finance and Economic Planning (MINECOFIN), when successfully completed, will contribute to improved accountability in the public sector. Reciprocal recognition arrangements have been established with the professional accountancy bodies in Kenya, Tanzania, Uganda, and Burundi. iCPAR is a full member of the Pan African Federation of Accountants (PAFA) and was admitted as an associate member of IFAC in 2012.

5. Key areas that require further institutional improvement, either as a result of partially implemented 2008 ROSC A&A recommendations or due to emerging issues, and the related recommendations are summarized below.

- iCPAR requires significant strengthening in its secretariat by increasing technical capacity both in numbers and skills to enable it to perform its legal mandate and meet stakeholder expectations, thereby closing the current large expectation gap. The AQA should be established with urgency (reporting to an Inspection Commission that is independent of the iCPAR Governing Council in terms of membership), governance structures (commissions) should be aligned to the statutory functions of iCPAR and appropriate secretariat support staff needs to be engaged to technically support the Commissions. This will enable iCPAR to meet its professional and reputational expectations from stakeholders and at the same time meet IFAC's SMOs. To achieve these, iCPAR will require assistance for a focused technical capacity enhancement while it builds its own capabilities.
- Monitored practical training is currently not part of the qualification requirements for iCPAR membership. This negatively impacts on the quality of accountants trained in Rwanda in terms of practical experience. To ensure that iCPAR's training requirements produce accountants with practical experience and therefore ready for the job market, there is need to develop a monitored practical training system that is offered by training institutions and employers accredited by iCPAR. This practical training should be done over a reasonable timeframe which meets minimum IFAC requirements and become a mandatory requirement for acquiring the iCPAR's professional accounting qualification.
- iCPAR, and its stakeholders who train accountants and the MINECOFIN need to establish mechanisms⁴ that increase the number and quality of accountants (both technicians and professional accountants) produced in Rwanda in order to meet the national demand in both the private and public sectors, without impeding the standards and requirements for entry into the profession. Currently, most entities including banks, insurance companies, listed companies and other unregulated large private companies do not have qualified accountants in their structures and financial statements are prepared by unqualified personnel. This is also the case with the regulators and audit firms. This compromises the quality of financial reporting across the board in Rwanda.
- All audit firms in Rwanda are practicing as limited liability companies. This legal status needs to be revisited and consider the firms to operate as partnerships.
- Professional indemnity insurance which is currently not mandatory should be made compulsory.

⁴ This includes deliberate initiatives by iCPAR to make the profession attractive to the young generation and also attract best students (capable of passing the iCPAR examinations) from schools and tertiary education providers.

- The MINECOFIN is implementing IPSAS, but iCPAR does not have technical capacity to assist with the process and support Government's strives. The iCPAR Law mandates iCPAR to be advisor to the Government on matters related to accounting.
- iCPAR needs to revise its curriculum to incorporate public sector accounting modules, which will ensure a sustainable supply of professionals trained in public sector accounting.
- The following terms should be clearly defined in the Company Law and entities required to report in terms of the framework appropriate to their circumstances: Public Interest Entity (PIE), Small and Medium-sized Entity (SME), (entities smaller than SMEs as defined will be Micro-sized Entities), and Financial Summary. The Company Law should (i) specify categories of companies, (ii) specify the financial reporting requirements for the different categories of companies, and if necessary exempt certain categories of companies from audit requirement, and (iii) stipulate applicable international standards, currently in the Law establishing iCPAR and the standards setter.
- The Law establishing iCPAR or its regulations should be reworded to directly adopt international standards and the code of ethics without amendment instead of the current wording which requires practices to be "*consistent*" with international standards and the code.
- All regulators should strengthen their capacity to check compliance with reporting requirements by entities they regulate. Where the regulators are not capable of strengthening their internal capacities, they should enter into Memorandum of Understanding (MoU) with the Inspection Commission at iCPAR, once the AQA function is established and strengthened, where by the Inspection Commission does the checks on behalf of the regulator.

6. **Other areas that need continuous attention in the reform process include:** (a) iCPAR's continual support of standards implementation by increasing awareness and informing on changes thereto including those standards relevant to all entities, including Small and Medium Practitioners (SMPs) and SMEs given their role in Rwanda's circumstances; (b) iCPAR's monitoring of accountancy training institutions to be done jointly with the Rwanda Examinations Council to ensure that application of standards remains high; (c) mobilization of funds for iCPAR as prerequisite for its sustainability in the short to medium term; (d) continuous monitoring of iCPAR's capacity to meet the IFAC's SMOs, as an indicator of its ability to meet its responsibilities to members and stakeholders; (e) establishing additional relevant commissions to enable iCPAR better meet its legal mandate; (f) iCPAR's collaboration with schools and universities to raise awareness about its role within the accountancy profession in order to attract best talent; (g) iCPAR's facilitation of knowledge and training activities, (locally, regionally with other regional institutes or globally with international standard setters) on topics crucial for enhancing the understanding and practical application of standards; and (h) introduction of examinations in variant papers, such as Rwanda tax and company law, for those practitioners with foreign qualifications wanting to practice in Rwanda for the first time.

7. **Conclusion:** The high-level recommendations should form the basis for a well-resourced, costed, prioritised, professionally supported, Government and stakeholder-driven Country Action Plan (CAP) for reform, aimed to assist in further enhancing financial reporting

processes in accordance with international standards and good practices, taking into account Rwanda’s country-specific circumstances.

8. The World Bank would be ready available to support the Government and other stakeholders in addressing the recommendations and in developing the CAP, if required.

Table 1: Summary of the Rwanda ROSC A&A 2015 Recommendations

Action	Responsibility	Timing; years		
		1-2	3-5	>5
A. Further Strengthen iCPAR				
1. Strengthen iCPAR to be a sustainable, visible, effective, and a strong professional accountancy body, able to meet stakeholder expectations; <ul style="list-style-type: none"> Strengthen governance and secretariat structures and align them with Statutory mandate of iCPAR 	iCPAR, MINECOFIN ⁵	xx	xx	xx
2. Improve iCPAR’s capacity to comply with IFAC’s SMOs				
<ul style="list-style-type: none"> Establish and strengthen AQA at iCPAR 	iCPAR, MINECOFIN	xx	xx	
<ul style="list-style-type: none"> Use best endeavour to collaborate on curriculum development at tertiary institutions and universities for courses leading to iCPAR qualifications to narrow the gap between graduates and entry requirements for iCPAR qualifications 	iCPAR, HEC, training institutions including universities and practicing firms		xx	
<ul style="list-style-type: none"> Make CPD relevant to needs of Rwanda especially SMPs, SMEs and cover topics on current developments in the law, standards and codes 	iCPAR	xx	xx	xx
<ul style="list-style-type: none"> Require monitored practical training to be a mandatory requirement of iCPAR professional qualification 	iCPAR, MINECOFIN, practicing firms		xx	

⁵MINECOFIN’s role is on providing convening power and support where there is need to amend the law or introduce new legislation. The overall responsibilities to address issues identified will be with iCPAR and other stakeholders, as applicable and relevant.

<ul style="list-style-type: none"> Support IPSAS implementation by facilitating and organizing knowledge and training activities supportive of successful implementation of IPSAS, including establishing an effective Public Sector Commission at iCPAR chaired by a Government employee 	iCPAR, MINECOFIN	xx		
<ul style="list-style-type: none"> iCPAR to advocate for inclusion of public sector subjects in curricula of tertiary institutions and universities 	iCPAR, MINECOFIN, training institutions		xx	
<ul style="list-style-type: none"> iCPAR to form an Investigation Commission to support, but work independently of the Disciplinary Commission already in place 	iCPAR	xx		
B. Further Strengthen the Profession, Education and Training				
3. Make the Inspection Commission of iCPAR independent of iCPAR's Governing Council (see para 53).	iCPAR, MINECOFIN		xx	
4. Revise the legal status of the practicing firms in Rwanda	iCPAR, MINECOFIN		xx	
5. Promote the profile and attractiveness of the accountancy profession in order to attract best talent from schools, colleges and universities	iCPAR, practicing firms	xx	xx	xx
6. Grow numbers of accounting technicians and professionals qualifying for iCPAR membership ⁶	iCPAR, training institutions, practicing firms		xx	xx
7. Introduce examinations in variant papers (Rwanda tax and company law) for professionals with external qualifications intending to practice in Rwanda	iCPAR	xx		
C. Further Strengthen the Statutory Framework				

⁶ This can be done by having deliberate initiatives by iCPAR to make the profession attractive to the young generation and also attract best students (capable of passing the iCPAR examinations) from schools and tertiary education providers; as well as by addressing issues leading to low pass rates of both ACCA and CPA. These issues include:

* Lack of tuition providers /colleges dedicated for professional courses as their main activity.

*Lack of sufficient study materials both in Universities and Rwanda National Library.

*Lack of competent/ fully qualified lecturers facilitating these professional programs.

*Lack of adequate preparations by students as they work or are busy with their degree courses which is guaranteed after 4 years, so they pay less attention to the CPA,ACCA exams

*Lack of adequate motivation/self-drive as most students are either working or doing degree course hence in most cases it's the employer or universities prompting the students to prepare for the professional qualification. CPA and ACCA become more of supply driven rather than demand driven by the students.

8. Define in the Law (or regulations to the law), PIE, SME, and Financial Summary for financial reporting purposes.	iCPAR, MINECOFIN			xx
9. Enforce the differential financial reporting frameworks for PIE, SMEs, and micro-sized entities to foster compliance by reducing the burden of compliance	iCPAR		xx	
10. Amend the iCPAR Law to require AQA to review the work done by auditors on financial statements of large private companies (which are significant to the economy of Rwanda) in the unregulated sectors for compliance with IFRS.	iCPAR, MINECOFIN		xx	
D. Strengthen the Capacity of Regulators				
11. Strengthen the capacity of all regulators to check compliance with financial reporting requirements by the entities they regulate, or make arrangements through MoU with AQA at iCPAR, once it's established and strengthened for the compliance checks.	Various Regulators, ⁷ MINECOFIN and iCPAR		xx	xx

⁷OAG, National Bank of Rwanda, Rwanda stock Exchange, Capital Markets Authority, Rwanda Utilities Regulatory Authority, including Rwanda Revenue Authority.

REPORT ON THE OBSERVANCE OF STANDARDS AND CODES ACCOUNTING AND AUDITING FOR RWANDA

I. INTRODUCTION

9. **The first ROSC A&A carried out in 2008 provided a key input in designing necessary financial reporting reforms in Rwanda.** The 2015 update to the ROSC A&A is a valuable tool for monitoring the effectiveness of the reform program. The 2015 update assesses the degree to which the findings and recommendations of the 2008 review have been implemented, assesses issues that have emerged since 2008, and provides recommendations that will be used as a basis for preparing a stakeholder driven CAP. The report proposes a number of implementable recommendations aimed at further improving the quality of corporate financial reporting and auditing which underpins and contributes to improving the country's business climate, investors' confidence and economic growth potential.

10. **The 2015 assessment was requested by the Government of Rwanda through the MINECOFIN.** Using the World Bank's multi-layered review methodology, the review was carried out through a participatory process involving various stakeholders from the Government, iCPAR, regulatory bodies, audit firms, banks and insurance companies, corporate and public sector entities, small and medium-size entities, business communities and academia. The data and information used for the review was gathered through various activities including: reviewing accountancy profession related documents, interviews, and assessing the institutional framework underpinning accounting and auditing practices in the private sector and public sector of the country in comparison with international standards and good practice. The report uses IFRS,⁸ IPSAS, ISA, International Education Standards (IES), and the Code of Ethics for Professional Accountants as benchmarks, and draws on international experience and good practices in accounting and auditing, while in all cases reflecting the circumstances specific to Rwanda.

11. **The strengths/weaknesses of the corporate financial reporting environment in Rwanda were measured against the following criteria during this 2015 ROSC A&A assessment** (See Figure 1⁹):

- Assessing the extent to which adequate reporting **requirements** have been adopted and enacted. (i.e. the statutory framework¹⁰ including international standards and good practice, embracing differential reporting to lessen financial reporting burden on smaller entities with no public interest).
- Assessing the extent to which **capacity** to comply with the requirements has been built (comprising education, training, certification and CPD).
- Assessing the extent to which regulatory entities have been strengthened and their effectiveness to **enforce compliance**.

⁸ IFRS are issued by the International Accounting Standards Board (IASB), an independent accounting standards-setter based in London, UK.

⁹ Adapted from "Accounting for Growth in Latin America and the Caribbean- Improving Corporate Financial Reporting to Support Economic Development" by Henri Fortin, Ana Cristina Hirata Barros, and Kit Cutler

¹⁰ set of clear, consistent, proportionate, comprehensive, fair, and up-to-date laws and supporting regulations

Figure1. Preconditions for Quality Financial Reporting

<i>Pillars</i>	<i>Elements</i>	
1. Adequate requirements	1) Statutory 2) International standards & good practice 3) Differential reporting	<p style="text-align: center;">3 Pillars of High Quality Financial Reporting</p>
2. Developing sufficient capacity to comply	1) Education/training 2) Certification 3) CPD	
3. Enforcing effective compliance	1) Audit quality assurance 2) Regulators	

Country Context

12. **The Implementation of sound policies has helped Rwanda achieve outstanding economic progress from a low starting point in 1994.** These policies have contributed to maintaining low inflation and average annual economic growth in excess of 8 percent over the last decade. However, to keep pace with this economic growth, there is a need for Rwanda to further improve and consolidate its corporate financial reporting and auditing practices in order to meet the growing demand for high quality financial information in both corporate and public sectors. This will help with the stability of the financial system, as well as job creation driven by the private sector, more effective tax collection, transparency in the operations carried out by State Owned Enterprises (SOEs) and public sector and the potential of increasing Foreign Direct Investments (FDI). These benefits are some of the key outcomes the ROSC A&A review seeks to achieve by highlighting areas requiring further improvement in financial reporting and auditing practices, while focusing on the equally challenging second-generation economic reforms of export diversification, structural transformation, regional integration and financial sector deepening.

13. **In line with the Rwanda Economic Development and Poverty Reduction Strategy (EDPRS) 2¹¹ 2013/2014 to 2017/2018** and the World Bank Group’s Country Partnership Strategy (CPS) 2014-2018 that aims to support Rwanda achieve the EDPRS 2 objectives, the ROSC A&A will further provide the assessment necessary to support the achievement of the objective of the EDPRS2 under the governance pillar for transparency and accountability. The Bank’s strategy supports efforts by the Government of Rwanda (GoR) to promote economic growth driven by the private sector and to enhance accountability and transparency in its poverty reduction programs, through its lending and non-lending instruments. This second ROSC A&A

¹¹The Government of Rwanda adopted Vision 2020 in 2008 with a primary objective of Rwanda achieving a middle income country status by 2020 and transforming Rwanda into a knowledge-based economy. The initiative is now at EDPRS 2 stage.

study falls within the non-lending category and its objectives include: strengthening the role of the private sector regulatory bodies in Rwanda (including the accountancy profession) and fostering the application of international accounting, reporting and auditing standards that are essential for sound economic management and a better investment environment. The ROSC A&A also supports strengthening the financial sector regulator which helps in stabilising the sector.

14. **The GoR recognizes the role of a vibrant private sector in achieving the objectives of EDPRS 2.** The Government is committed to supporting various programs and projects aimed at accelerated private sector growth. The anticipated growth in public expenditure requires support from a dynamic private sector. These planned developments will need to be underpinned by high quality financial reporting, transparency, accountability and good governance in both the private and public sectors in order to attract the necessary investment. Successful implementation of all the adopted international standards, compliance with the ongoing legal reforms in financial reporting, and a strong accountancy profession overseen by a strong and sustainable professional accountancy body become some of the preconditions to the attainment of the EDPRS 2 objectives.

15. **Rwanda has undertaken a number of reforms and remains one of Africa's strong performers in ease of doing business** according to the World Bank Doing Business Reports. Some of the reforms undertaken by Rwanda include simplifying the process of paying taxes for firms and implementation of an electronic single Window System at the Rusumo border post with Tanzania.

16. **GDP and Inflation.** GDP annual growth rate averaged 7.7 percent from 2000 to 2014 despite inadequate infrastructure, and other challenges. The GDP annual growth is projected to be 6.7 percent in 2014-15, and 7 percent in 2015-2016, while inflation forecasts are five percent for both 2014-2015 and 2015-2016. These forecasts are based on several acknowledged assumptions, including improved government and consumer spending, return of aid to pre-2012 levels, inflation is kept in check, increased credit flows to the private sector for investment, increased foreign direct investment, improvements in infrastructure particularly electricity and roads, and normal weather. These assumptions require high quality financial reporting in order to be realised.

Sector Context

Financial Sector

17. Financial sector development has always been a high priority for the GoR, which sees it as necessary in transforming Rwanda into a middle-income country, and an economic trade and communications hub. The legal framework for financial sector oversight was modernized under the Financial Sector Development Program I (FSDP I) with the enactment of various statutes¹².

¹²Law Governing the Central Bank of Rwanda, 2007, Law on Banking (LOB), 2008, Law on Microfinance Organizations (LMO), 2008, Insurance Law, 2009, Anti-Money Laundering Law, 2009, Law Concerning the

18. **A core part of Rwanda's financial sector is its commercial banking sector comprising** ten commercial banks (local and international), four primary micro financial institutions, one development bank, one cooperative bank, and 496 micro financial institutions. This sector has grown rapidly since the adoption of the first Financial Sector Development Plan in 2008. Such increase was a combination of organic growth; existing banks growing larger, and new entrants including; Kenya Commercial Bank and Equity Bank entered the market in 2008 and 2011 respectively. The NBR is in charge of regulating and supervising banks, non-banking financial institutions, microfinance institutions, foreign exchange bureaus and credit bureaus. The NBR continues to strike an appropriate balance in its supervision and regulation between protecting consumers and financial stability on the one hand, and encouraging product innovation on the other.

19. **The Insurance and Pension sub sectors are increasingly becoming important in Rwanda's economy.** The performance of the *insurance industry* (14 insurance companies) has improved since the adoption of new legislation in 2009 and the transfer of responsibility for regulation and supervision to the NBR. Further refinement of the regulatory regime is required to foster the development of the sector while ensuring that it has the financial strength required to safeguard individuals' savings.

20. The **pension sub-sector** in Rwanda is currently dominated by the social security pension scheme managed by the Rwanda Social Security Board (RSSB), which also manages the national medical plan. The RSSB is the largest financial institution in the country (SOE) and the only pension scheme.

Capital Markets

21. **The Rwanda Stock Exchange (RSE) and Capital Market Authority (CMA) were established in 2011 to support investment and economic growth.** With only six listed companies (four of which are cross listings and two local companies), the securities market is relatively small. The sector spread of the listed companies is as follows; banking (four), manufacturing (one), commercial and services (one). A five year plan including an expansion in the number and type of listed securities was prepared in 2013 to guide the near-term evolution of the market, taking into account EAC market integration and the particular challenges of sustainability in a small economy. The exchange is a member of the African Stock Exchanges Association and operates in close association with the Stock Exchanges in Kenya, Tanzania and Uganda. A long term objective of the RSE is to bring smaller companies to the market, taking appropriate measures to mitigate the potential reputational risk from listing companies with less developed governance structures and shorter track records. In fact, the CMA is currently reviewing the applications of two SMEs, which are supposed to join the capital market before the end of 2015. The first Initial Public Offering on the Rwanda Stock Exchange was oversubscribed, an indication of the confidence investors have on Rwanda as an investment destination. The growing capital markets in Rwanda require high quality financial reporting supported by a strong and sustainable professional accountancy organisation.

Payment System, 2010, Capital Markets Authority Law, 2011, Capital Markets Law, 2011, Law on Collective Investment Schemes, 2011.

Small and Medium Enterprises¹³

22. **SMEs are significant in Rwanda comprising approximately 98 percent of the total businesses and account for 41 percent of all private sector employment.** They particularly benefit the economy because of the forward and backward linkages nature of their operations. A study on SMEs in Rwanda estimated that there are over 72,000 operating in the country, while only 25,000 of them are formally registered. In common with other businesses, SMEs in Rwanda face many macro-level operating challenges, including expensive transport, insufficient electricity and other infrastructure issues.

23. **Financial institutions find it high risk¹⁴ to lend to SMEs in addition to the high cost/benefit ratio in terms of time and resources required to process relatively small sized SME loans.** The SMEs interviewed indicated that loan conditions from banks are not suitable for SME financing, citing the following problems; (a) interest rates are high (commonly 18-20 percent), (b) repayment periods are short, (c) amounts advanced are not sufficient to adequately meet project requirements, and (d) in all cases collateral is required with no regard to project viability. Even the Savings and Credit Cooperative Societies (SACCOs) require collateral and their repayment periods are generally shorter than those of commercial banks. Some SMEs admitted having poor banking culture which makes them not attractive candidates for bank loans. These problems are in addition to the difficulties most SMEs face in consolidating capital and creating business plans to become viable lending candidates. Access to finance by SMEs is therefore a major challenge, slowing down growth in the sector.

24. **Government has to encourage qualifying SMEs to list on the RSE to access non-loan finance.** To assist SMEs list or access less expensive on-collateral backed long term capital (compared to bank loans), less onerous and proportionate but high quality financial reporting and listing requirements for the SMEs are necessary. Further challenges to be overcome in this regard include: SMEs going through a culture change of accepting dilution of business control arising from listing, SMEs being subject to audits, improved governance and transparent disclosure that go with listing, among others. For some of them the issue of profitability requires attention. For all these issues, the SMEs need advisory services and convincing that financial reporting is required for better management of their businesses in addition to meeting the requirements of the Rwanda Revenue Authority (RRA). Building their capacity to comply with the financial reporting requirements and enhance their access to finance should be a joint responsibility between the PSF and iCPAR.

¹³Source: *Rwanda Ministry of Trade and Industry*

Size	Net capital Invested (million RwF)	Annual Turnover (million RwF)	# of Employees
Micro	<0,5	<0,3	1-3
Small	0,5-15	0,3-12	4-30
Medium	15-75	12-50	31-100
Large	>75	>50	>100

Notes: (1) two of the 3 thresholds should be met, (2) Rwanda Revenue Authority has its own definition (ie SMPs are those entities with turnover up to RwF400 million per year and are not required to be audited for tax purposes), (3) For this report, SME includes micro entities unless specifically excluded in narrative.

¹⁴Access to non-collateral backed finance by innovative SMEs that can potentially generate high returns on investment but are also highly risky during their start up years is difficult. SMEs in this category require high quality financial information to assist lenders make informed lending decisions without collateral.

State-Owned Enterprises (SOEs)

25. **Rwanda has a strong¹⁵ SOE sector with a large portion of public funds invested by the Government.** Trade practices in Rwanda allow private enterprises to compete with SOEs on the same terms and conditions with respect to access to markets, credit and other business operations. Since 2006, the Government has made an effort to privatize SOEs, to reduce its non-controlling shares in private enterprises and attract FDI, especially in the information and communications, tourism, banking, and agriculture sectors. Government investment in the SOE sector is however still significant because of the rather slow pace of privatization.

26. SOEs are still significant players in the utilities sector including water and electricity and also in construction, information and communications, mining, insurance, and finance.

II. STATUS OF IMPLEMENTATION OF 2008 RECOMMENDATIONS AND LESSONS LEARNED

27. **Rwanda has successfully implemented a number of key recommendations from the 2008 ROSC A&A.** Most of the recommendations made in 2008 have been addressed to varying degrees, depending on resources and priorities. A number of accountancy profession reforms have been made. Significant progress has also been made in improving the quality of financial reporting in both the private and public sectors. The IFRS, IFRS for SMEs, IPSAS, and ISA have been adopted and are at different stages of implementation. These achievements, as with the request for this second review, demonstrate the commitment of the GoR to improve the standard of financial reporting in the country and to converge with international standards and good practices. The status of implementation of the 2008 ROSC A&A recommendations is summarised below. **A major challenge faced in implementing ROSC A&A 2008 recommendations is shortage of resources.** This is in terms of technical capacity numbers of qualified personnel, and in some cases financial resources.

Table 3. Status of Implementation of the 2008 ROSC A&A Recommendations

	Recommendation in 2008 ROSC	Status of Implementation at the time of this assessment and challenges encountered
	B. Institutional Capacity Strengthening	
1	The iCPAR should implement important standard setting functions to ensure smooth application of IFRS and ISA. Upon its commencement, the iCPAR is expected to discharge the following responsibilities:	This was implemented by passing the Accountancy Law #11 of 2008 which established iCPAR and assigned it standard setting responsibilities in Article 7.

¹⁵ As of July 2014, there were 12 public enterprises across 5 sectors (finance and services, transportation, infrastructure, mining and agriculture). The Government has significant investment in public enterprises (RF 700 billion (US\$ 1 billion) in mid-2014.)

	<p align="center">Recommendation in 2008 ROSC</p>	<p align="center">Status of Implementation at the time of this assessment and challenges encountered</p>
	<p><input type="checkbox"/> Regulate the accountancy profession;</p>	<p>AQA department was established within iCPAR with funding from the Government and donor support. An Inspection Commission is in place. However, the AQA unit has not been staffed since June 2014. A consultant hired to grow this unit failed to deliver. iCPAR should establish why the initial support failed in order to address the issues in the new initiative planned with ACCA and IFUSE. Assistance is required to make the unit operational by recruiting staff, providing training and developing audit practice review methodologies. Any new arrangements should therefore have a knowledge transfer approach which capacity builds iCPAR’s AQA unit.</p>
	<p><input type="checkbox"/> Promote the competence of its members;</p>	<p>This requires organised workshops and CPD sessions. The Commission for Standards is in place and members are advised of changes to standards. CPD is now being monitored and there is a dedicated resource in the secretariat to administer CPD delivery. More support to build the technical capacity of iCPAR is still needed to improve effectiveness of the initiative.</p>
	<p><input type="checkbox"/> Establish a due process through which IFRS and ISA can be adopted locally, including contributing to the development of international standards by disseminating and commenting on IASB and IFAC Exposure Drafts;</p>	<p>IFRS and ISA have been adopted and have full legal backing. iCPAR has assumed the responsibility for standards development. Capacity building of the iCPAR technical department is required to improve effectiveness.</p>
	<p><input type="checkbox"/> Disseminate applicable standards and related implementation guidance to the members of the profession and other stakeholders in order to ensure that implications of these standards are understood properly.</p>	<p>iCPAR is currently doing this but it still needs to further strengthen its technical capacity to improve outreach and effectiveness.</p>
	<p><input type="checkbox"/> Support implementation through training and enforcement</p>	<p>Training is mainly through CPD sessions. With AQA not functional, there is no monitoring and enforcement of standards</p>

	Recommendation in 2008 ROSC	Status of Implementation at the time of this assessment and challenges encountered
		from the Institute.
2	iCPAR will need assistance to organize an internationally comparable professional accountancy body.	The iCPAR went into an arrangement with the Institute of Certified Public Accountants of Ireland for developing a syllabus (currently in use) for the iCPAR qualification. It needs to enter into arrangements to address other IFAC SMOs and reach the required levels of PAO maturity.
3	Its governance structure should be established in line with international good practice; and its capacity should be built in a way that it acquires capacity to comply with the 7 IFAC SMOs.	Both the governance structure and capacity of iCPAR Secretariat (in both numbers and skills) still need improvement to enable iCPAR to comply with IFAC's SMOs and be a strong Professional Accountancy Organisation.
4	Establish a twinning arrangement between the newly established iCPAR and a strong IFAC member accountancy body.	This was not done. The arrangement with the Institute of Certified Public Accountants of Ireland was specifically for the development of the iCPAR Syllabus.
5	With the assistance of the twinning partner, iCPAR should apply for IFAC membership within two to three years.	Application for IFAC membership was done without the assistance of a twinning partner and iCPAR became an associate member of IFAC in 2012.
6	The iCPAR should carry out its responsibilities for adoption and dissemination of IFRS and ISA.	This is happening but iCPAR still needs further technical capacity to strengthen its secretariat to be effective.
7	iCPAR should develop and implement its own professional qualification examination and training schemes with the same assistance	This is in the process of being implemented at both technician and professional stages of the qualification. The assistance from the Institute of Certified Public Accountants of Ireland. The examination department has two persons who have been assigned additional responsibilities for standards awareness building and dissemination. Training for the iCPAR qualification is done by universities and private colleges. iCPAR has no control over the curricular at these institutions. iCPAR needs to strengthen its

	Recommendation in 2008 ROSC	Status of Implementation at the time of this assessment and challenges encountered
		education department and with HEC, influence accountancy education and training, and have a robust examination system.
8	Strengthen monitoring and enforcement mechanism through increasing capacity of the regulators and granting them more authority in dealing with infractions of accounting and auditing standards is particularly important for Rwanda to supplement Government efforts to promote investment and to consolidate a sound financial sector.	<p>The various regulators need capacity building to increase their effectiveness. There is currently over reliance on the work of external auditors, as most regulators lack the presence of qualified accountants in their personnel. Because of the shortage of qualified accountants in the market, most audit firms are facing difficulties in meeting their staff requirements.</p> <p>The regulators are struggling to build internal capacity. This calls for a change in strategy. Once the AQA has been established under the planned ACCA and IFUSE arrangement, it should be strengthened in terms of capacity to enable it to perform the checks for compliance with applicable reporting requirements on behalf of the regulators through MoUs.</p>
9	Take steps for improving the capacity of the financial sector regulators.	Further strengthening of financial sector regulators is required. Capacity, in both numbers and skills to check for compliance with international standards and statutory requirements needs improvement for all regulators.
10	Strengthen the technical capacity of the Office of the Auditor General.	The process is ongoing. The main challenge being faced is retention of trained and experienced staff who leave for better working conditions in the private sector.
11	Take steps for building technical capacity of audit firms.	iCPAR currently has no technical capacity to carry this out effectively. This is mainly because the AQA unit at iCPAR is not staffed. <i>This is one of the three recommendations not effected.</i>

	Recommendation in 2008 ROSC	Status of Implementation at the time of this assessment and challenges encountered
12	<p>The capacity building exercise should focus on the following measures through regional integration initiatives wherever applicable:</p>	
	<p><input type="checkbox"/> Recruiting and retaining technically qualified people in the Office of the Registrar General, National Bank of Rwanda, Banking Supervision, and Office of the Auditor General;</p>	<p>All these entities still require significant technical capacity building in order to be effective. They all face the challenge of retaining technical staff.</p>
	<p><input type="checkbox"/> Providing IFRS theoretical and practical training to the staff of the regulatory bodies so that they can enforce applicable standards;</p>	<p>iCPAR requires technical capacity strengthening to be able to carry this out effectively. This has not happened and it is currently a major weakness in the system.</p>
	<p><input type="checkbox"/> Imparting training to the corporate accountants in public interest entities, highlighting the practical applications of IFRS in order to build their technical capacities to prepare IFRS compliant financial statements; and</p>	<p>This has not yet been implemented. iCPAR requires technical and financial capacity strengthening in order to perform this effectively.</p>
	<p><input type="checkbox"/> Facilitating access of smaller audit firms to the materials relating to the recent developments in auditing practices, in particular the practical application of ISA.</p>	<p>iCPAR brings awareness to changes in existing standards and new standards, but its capacity requires significant strengthening.</p>
	<p>B. Preparation and Filing of Financial Statements</p>	
13	<p>Require full IFRS compliance by all public interest entities</p>	<p>This is now a legal requirement. Most public interest entities do not have qualified staff able to prepare financial statements in compliance with IPSAS/IFRs and they rely on assistance from the auditors. However, currently there is no checking for compliance and enforcement by the Institute on the work of the auditors since the AQA unit is not functioning.</p>
14	<p>Adopt the IASB's simplified financial reporting requirements for small and Medium-sized</p>	<p>IFRS for SMEs was adopted but awareness and implementation support activities need</p>

	Recommendation in 2008 ROSC	Status of Implementation at the time of this assessment and challenges encountered
	Entities	to be improved. Technical capacity is a constraint.
	C. Monitoring and Enforcement of Accounting and Auditing Standards	
15	Build capacity of the proposed Inspection Commission to put in place arrangements for monitoring and enforcement of accounting and auditing standards;	The Inspection Commission is in place. However, the AQA unit (established in 2012) has not been staffed since June 2014 and no reviews are taking place. iCPAR has entered into an arrangement with ACCA and IFUSE to establish the unit and make it operational. This is expected around June 2015.
	<ul style="list-style-type: none"> • <i>Audit practice review</i> 	No audit quality reviews are currently taking place.
	<ul style="list-style-type: none"> • <i>Review of financial statements</i> 	No review of financial statements is being done by iCPAR.
	<ul style="list-style-type: none"> • <i>Investigation.</i> 	An Investigation Commission has not yet been established at iCPAR.
	<ul style="list-style-type: none"> • <i>Disciplinary power</i> 	A Disciplinary Commission is in place but with no review and monitoring taking place, the Commission is not able to exercise its powers in respect of practitioners not meeting required standards.
16	Strengthen governance mechanism within public interest entities	The NBR and CMA have taken significant steps to improve governance in the institutions they regulate and the processes are ongoing. The other regulators still need to do the same.
	F. Improving Professional Education and Training	
17	Strengthen higher educational institutions' curricula in the field of accounting and auditing.	iCPAR has no influence over curricula of educational Institutions. The HEC has sole responsibility over this and it approves programs and has powers to sanction; including closure. <i>This is one of the three recommendations not effected.</i>

	Recommendation in 2008 ROSC	Status of Implementation at the time of this assessment and challenges encountered
18	Initiate industry-specific training programs	This is being done by the PSF to its members (mostly SMEs). iCPAR is not represented in the training initiatives. The variety of entities and scope of courses covered in the training initiatives need to be increased.
19	Implement training-of-trainers program for sustainable transition to IFRS.	A training-of-trainers program has not been put in place and it is highly recommended given the low level of IFRS appreciation in the market. This is a knowledge activity which requires partnering with international standards setter, IASB and/or other more established institutes in the region. It requires coordination by iCPAR. <i>This is one of the three recommendations not effected.</i>
	E. Others	
20	As a means to safeguard auditor independence, put in place an arrangement for rotation of audit engagement partner.	Auditor- not just the engagement partner-rotation is mandatory for banks and insurance companies (three year cycle not renewable for a second consecutive term).For other entities it is currently not a legal requirement.
21	Introduce awareness programs for improving the degree of compliance with accounting requirements by the public interest entities.	This is being done through workshops, CPD and website. However iCPAR still needs technical strengthening to improve effectiveness.

III. INSTITUTIONAL FRAMEWORK

28. This Section sets out weaknesses and emerging issues in the institutional framework for financial reporting and auditing, focusing on statutory and standards requirements, the capacity to comply, and enforcement of compliance with requirements. The sustained growth needs of the GoR require robust financial reporting, supported by a strong institutional framework.

A. Statutory Framework

29. **Since the 2008 ROSC A&A, significant improvements to the statutory framework for financial reporting and auditing by companies have been made through the Law number 07/2009 relating to companies (Companies Act).**All companies other than “Small Private Companies” are required by the new law to appoint an auditor and submit audited

financial statements which comply with international standards,¹⁶ within three months of the year end for company accounts and six months for consolidated financial statements. The audited financial statements are required to be filed with the Registrar General within 30 days after the date of signature. Small Private Companies are required to file a financial summary with the Registrar General.

30. **The determination of a small private company¹⁷ in the Companies Act is left to “the Minister in charge of companies”.** In the absence of a clear definition, entities may end up preparing financial statements in terms of a reporting framework not suitable for their circumstances, which creates a compliance burden (in particular for smaller entities) or financial statements that are not useful if a large company uses the small private companies financial summary.

31. **The financial summary is also not defined as a financial reporting framework in the Act.** International good practice would suggest that large PIEs should be required to use IFRS, SMEs use IFRS for SMEs and micro entities either to report only for their own and tax purposes, or be required to use “*A Guide for Micro-sized Entities Applying the IFRS for SMEs (2009)*”¹⁸. The *IFRS for SMEs and its Guide for Micro Entities* were developed after the 2008 ROSC A&A and allow for differential and proportionate financial reporting, reducing the cost of compliance by allowing entities to report in terms of a framework appropriate to their circumstances.

32. **The Companies Act does not currently make reference to or define PIEs, SMEs, and Micro-sized Entities.** The definition of SMEs by the Ministry of Trade and Industry only considers quantitative thresholds¹⁹ and makes no reference to public interest or public accountability, which makes it not suitable for determining the applicable financial reporting framework for an entity. The Law should define PIE, SME, and entities smaller than SMEs will fall under Micro-sized Entities.

33. **The Companies Act sets general financial reporting requirements in Rwanda, including requirements for preparation, presentation, and publication of financial statements, disclosures and auditing for the companies incorporated under the Act.** The Act prescribes the basic elements and form of financial statements and mandates application of IFRSs and ISAs. Given the increasing complexity and frequency of changes to financial reporting standards, and to avoid gaps between statutory requirements and standards requirements, detailed prescription of form and content of financial statements should be through financial reporting standards which are adopted through the law or related regulations.

34. **In terms of the Companies Act, small private companies are exempted from appointing auditors;** unless shareholder(s) holding at least 5percent of the company’s shares sign for the need to appoint the external auditors. This exemption is in line with international trends in lessening the financial reporting requirements for small entities, but it needs to be supported by a clear definition of a small private company, preferably linked to the level of

¹⁶Which is IFRS in terms of the iCPAR Law

¹⁷Defines as a company the turnover of which in respect of the preceding accounting period is less than such amount as may be prescribed by an order of the Minister in charge of companies

¹⁸This Guide was issued in 2013 and is meant for micro entities that are too small to use the IFRS for SMEs. It is not a separate Standard for micro-entities. It is intended to help micro-entities that are within the scope of the IFRS for SMEs to prepare general purpose financial statements in accordance with IFRS for SMEs. Compliance with the Guide will result in compliance with the IFRS for SMEs.

¹⁹It does not make reference to qualitative characteristics of an entity in its definition.

public interest in the company. This will harmonise the requirements of the Companies Act with the International Auditing and Assurance Standards Board's (IAASB) "*International Quality Control, Audit, Review, Other Assurance, and Related Services Pronouncements*"²⁰. In terms of the Companies Act, once a small private company appoints an auditor, the full requirements of the law apply. iCPAR should assist by using its legal mandate of advising GoR on accounting issues by influencing changes to the law to allow for harmonisation of the Companies Act requirement in this regard with IFAC's "*Guide to Using ISAs in the Audits of Small-and Medium-Sized Entities*." This will reduce the burden of compliance for SMPs and SMEs.

35. For tax purposes, the RRA does not require audited financial statements for entities whose annual turnover is below Rwf400 million. These entities can use tax advisers, appointed by the Revenue Authority²¹. The tax advisers are not regulated to ensure they provide high quality professional work and support high quality financial reporting that is credible for tax purposes. The financial reporting and auditing requirements and company classifications by the Companies Act, RRA, and the Ministry of Trade and Industry need to be harmonised and made coherent.

36. Financial reporting by banks and non-banking financial institutions in Rwanda is regulated by law number 007/2008 Concerning Organisation of Banking (Banking Law), the Banking Regulations of 2009 and the Companies Act. The NBR is the regulatory and supervisory authority of banks, microfinance institutions and, non-bank financial institutions (including insurance industry and pension schemes). Banks are required to have a December 31 year-end. Audited financial statements are to be submitted to the NBR by March 31. Bank auditors are to be selected from a list regularly drawn by the NBR in terms of the Banking Regulations 2009. Bank auditors rotate after three years and may not perform two consecutive mandates. The financial statements of these entities are readily available. All these requirements need robust monitoring, supervision and enforcement.

37. In addition to normal statutory audit responsibilities, the Banking Law and the Companies Act place additional responsibilities on bank auditors. The external auditors are required to report promptly to the NBR any of the information concerning the following matters: a) Indication that may affect the institution's ability to continue as an ongoing concern; b) Matters of serious conflict within the decision-making bodies; c) Intention of the auditor to resign or any threat of removal of the auditor from office; d) Material adverse changes in current or potential risks in the institution's business; e) Serious irregularities or significant losses which may jeopardize the interests of depositors, policyholders or other creditors of the institution; f) Information that indicates a material breach of the institution's own policies, articles of association and memorandum of association; and g) Situations that are contrary to the banking laws and regulations.

38. The CMA regulates the capital markets including the RSE. The RSE supervises listed companies in Rwanda and requires quoted companies to report in terms of IFRS and to be audited in terms of ISA. Their financial statements are readily available.

²⁰These allow for other forms of professional services which provide for lesser assurance than audits or no assurance at all like Agreed Upon Procedures and Compilation Reports but the information produced is high quality, reliable and produced at lower cost by regulated professionals who are required to comply with *ISQC 1* and the *Code of Ethics for Professional Accountants*.

²¹iCPAR has no influence in the preparation of the list of approved tax advisers.

39. **The Law does not have a clear definition of SMEs appropriate for determining the entities that qualify to use the IFRS for SMEs.** Adoption of IFRS for SMEs furthers Rwanda’s development agenda of promoting private sector development. iCPAR should therefore prioritise awareness and implementation activities of this standard and its Guide for Micro-entities.

40. **The monitoring of compliance with financial reporting requirements by non-listed large companies is not currently in place.** There is no mechanism to monitor and ensure large unlisted and unregulated companies, which are significant to the economy of Rwanda, comply with IFRS. Their financial statements are also not readily available to the wider public.

41. **SOEs that are Government Business Entities (GBEs)²² are required to comply with IFRS.** Their audits may be contracted by the Auditor General (a member of the African Organization of Supreme Audit Institutions – AFROSAI²³) to private audit firms. They are audited in accordance with ISA. The financial statements of these entities are not readily available on request.

B. The Profession

42. **A significant development since the last ROSC A&A 2008 is the enactment of the Accountants Law number 11/2008 which created CPAR²⁴ as the national body of accountants in Rwanda with a wide legal mandate.** The mandated functions (which are in line with the 2008 ROSC A&A Recommendations) are at different stages of implementation and are positively impacting the quality of financial reporting in Rwanda, although a lot still needs to be done. When fully implemented, the functions will enhance iCPAR’s capacity in the three dimensions of sustainability, i.e.; *professional, reputational* and *financial* sustainability.

Box 2. Summary of iCPAR’s Functions

²²The following guidance is used to identify GBEs: an entity with the power to contract in its own name; that has been assigned the financial and operational authority to carry on a business; that sells goods and services in the normal course of its business to other entities at a profit or full cost recovery; that is not reliant on continuing government funding to be a going concern (other than purchase of outputs at arm’s length); and that is controlled by a public sector entity. This guidance is also useful when deciding which SOEs should apply IPSAS.

²³African Organization of Supreme Audit Institutions.

²⁴In 2011, the iCPAR, the Institute of Certified Accountants of Uganda, the Institute of Certified Public Accountants of Kenya, the National Board of Accountants and Auditors in Tanzania and the Ordre des Professionnels Comptables (OPC) of Burundi signed a mutual recognition agreement aimed at mutual recognition of qualifications and cooperation in capacity building, standard setting and implementation, disciplinary measures, member education, and quality assurance reviews. ICPAR has benefited significantly from ICPA Kenya in CPD seminar presentations. Additionally members of ICPA Uganda and ICPA Kenya have a strong presence in professional practice in Rwanda.

- to issue and to promote the implementation of accounting and auditing standards in public organs and the private sector;
- to provide advisory commentary on curricula for any accountancy courses;
- to provide to its members professional education in accounting;
- to develop teaching programs, to organize examinations and issue certificates in matters relating to the accountancy profession;
- to make contributions on bills relating to the accounting profession;
- to give advice to government on matters relating to the accounting profession;
- to take appropriate measures enabling the Institute to perform its responsibilities;
- to issue licenses to qualifying members, requesting such licenses and to withdraw it in case of misconduct;
- to determine any other functions aimed at promoting the accounting profession.

43. **iCPAR was formed as part of the PFM reforms in Rwanda which included developing a national professional accountancy body with a local professional accountancy qualification.** The iCPAR²⁵ is now an associate member of IFAC and a full member of PAFA²⁶. The Institute grew relatively fast in its formative years but now faces the risk of stagnation because of inadequate technical capacity in its secretariat and insufficient financial resources. It needs further support in its efforts to achieve professional, reputational, and financial sustainability. This will assist iCPAR deliver on its legal mandate and make it a strong national professional accountancy body able to support Rwanda’s objective of sustained economic growth.

Box 3. iCPAR’s Sustainability

Area of iCPAR’s Sustainability	Capacity Required
Professional Sustainability	<p>iCPAR needs increased technical capacity (in both skills and numbers) within its Secretariat in order to be:</p> <ul style="list-style-type: none"> ○ able to champion accountancy education, training, professional qualification and CPD; ○ able to support its members in practice and business on technical issues including providing leadership in the adoption, successful implementation of international standards and legal requirements, and enforcing compliance with these; ○ able to comply with all seven IFAC SMOs (revised), either with sole responsibility or shared responsibility as applicable for each obligation; ○ a centre of excellence, a source of credible business information and

²⁵The Institute polices are executed by a Secretariat with Governance support from; the General Assembly, Governing Council, and Technical Commissions.

²⁶ It was grandfathered from ECSAFA when PAFA was formed in 2012.

	be the authority in shaping the future of accounting, auditing, and financial reporting in Rwanda.
Reputational Sustainability	<p>iCPAR needs increased technical capacity within its Secretariat (in both skills and numbers) and support from its membership to enhance its reputation and be seen as relevant through its services and those of its members:</p> <ul style="list-style-type: none"> ○ it should be seen as relevant by society at large including Government; ○ it should have capacity to serve the public interest in addition to the interests of its members; ○ its members should be seen as vital to the financial systems of Rwanda in both the private and public sectors; ○ it should aim to make accountancy be viewed as a worthwhile profession in Rwanda, capable of attracting intelligent students, laying the foundation for high quality professionals for the future; ○ it should assume voice of business, advocacy and representation roles (in Rwanda, regionally and internationally); and ○ it should be a repository of accountancy and auditing information.
Financial Sustainability	iCPAR requires self-sustaining levels of finance to enable it to achieve and maintain its professional and reputational sustainability. For the various reforms to be sustainable, iCPAR should consider cost-recovering activities where ever possible; for example members and the public paying for CPD sessions, firms/practitioners that fail audit practice reviews paying for re-reviews, etc.

44. **iCPAR faces challenges in implementing the necessary actions to support its strategic objectives.** It has not been able to address critical issues related to its sustainability in the areas of professional and reputational activities, as well as funding. The key challenges it is facing are sustainable finance²⁷, secretariat capacity and structure, and governance structure. iCPAR needs to focus on strengthening its secretariat, education activities, and its governance structures.. These are the areas that have high impact and are capable of making iCPAR a strong, effective, relevant and sustainable institute in the short to medium-term. This is consistent with the work IFAC plans to do in strengthening iCPAR under the IFAC supported Memorandum of Understanding to Strengthen Accountancy and Improve Collaboration (MOSAIC) program. Our observations confirm and are consistent with the initiatives the IFAC/MOSAIC program is intending to address. This program is focusing on strengthening the iCPAR Secretariat. The Action Plan to be developed out of the recommendations of this report needs to be coordinated with the IFAC/MOSAIC program activities and to the extent possible taken as one set of activities aimed at meeting the same objectives. Continuing to give iCPAR general financial

²⁷Currently the Institute is largely funded by the Government and the donor community. This is not sustainable in the long term. Its own internally generated funds are very low

support not targeted at key high impact areas is not sustainable and not recommended. Activities aimed at accelerating the production of high quality iCPAR members in numbers necessary to quickly address the demand of qualified accounting technicians and professional accountants for both the private and public sectors are one such area. This will boost the iCPAR membership and make membership subscriptions a significant component of iCPAR revenue, reducing external financial support requirements. As part of the Country Action Plan based on this ROSC A&A Update Recommendations, iCPAR secretariat will have to come up with a roadmap to self-sustaining finances.

45. **A large expectation gap exists in Rwanda between what stakeholders expect iCPAR to be doing and what iCPAR can practically deliver given its resource constraints in governance and the secretariat.** Many stakeholders, including Government, are expecting iCPAR to be doing much more than it is currently doing. iCPAR's capacity at governance and secretariat levels need significant strengthening.

46. **Governance:** The Education, Disciplinary, and Inspection Commissions are specifically provided for in the Law and are in place. There is provision in the Law for establishing other Commissions as deemed necessary²⁸. iCPAR should consider establishing other Commissions and Sub-Commissions necessary to meet its mandate, as follows;

- Public Sector *Commission*²⁹
- Inspection Commission---*this will conduct investigations on any allegations against members or firms and pass its findings to the Disciplinary Commission. The two Commissions should be independent of each other.*
- CPD Sub-Commission; *as a Sub-Commission of the Education Commission (the Education Commission should be renamed to Education and Training Commission)*
- Examinations Sub-Commission---*to be responsible for examination processes and report to the Education and Training Commission.*
- Public Relations Commission; *(To improve iCPAR's visibility and take the advocacy role to promote iCPAR)*
- Tax and Other Legislation Commission; *(to ensure iCPAR participates in all legal changes that affect the accountancy profession including tax. The recently established Tax Working Group will be a part of this proposed wider Commission.)*
- Finance and Administration Commission; *(to oversee the administration of the institute including its financial sustainability).*

47. The Inspection Commission to which the AQA unit reports should be functionally independent³⁰ of the Governing Council of iCPAR on issues of investigation and discipline and it

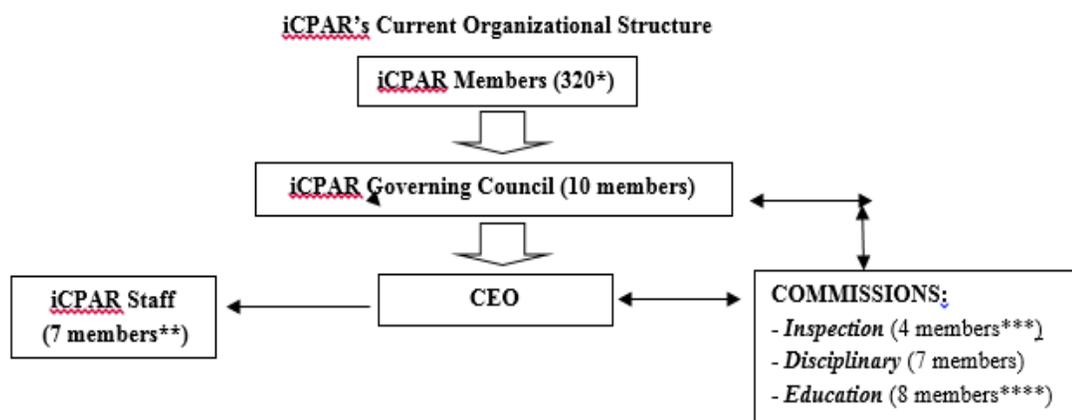
²⁸The following additional Commissions have been established; Human Resources, Resource Mobilization, and Audit.

²⁹This is important given that the Public sector is very large in Rwanda, making collaboration between iCPAR and the Government very important especially in the area of Public Financial Management and specifically in using best endeavors to support successful implementation of international accounting and auditing standards relevant to the Public Sector. The Commission will also make iCPAR better able to achieve its legal mandate of adviser to Government on accounting matters.

should not have practicing members. The Commissions should be supported by a technically strong and well funded secretariat in order to make iCPAR strong, relevant and effective.

48. **Secretariat:** Currently, the Secretariat has eight staff members, of which four are qualified accountants. The immediate staff requirement is 18 staff, as assessed by the CEO for the Institute Secretariat to operate at optimum. 10 additional staff are required to improve ICPAR’s effectiveness. The current staffing/organizational structure is given in the chart below.

Figure 2. iCPAR’s Current Organizational Structure



* Of which only 160 are in good standing.

** Including officers, examiners, IT, accounting, and administrative staff.

*** Currently not independent as it is reporting to the Governing Council.

**** Including members of the Curriculum, CPD and Examination Sub-Commissions.

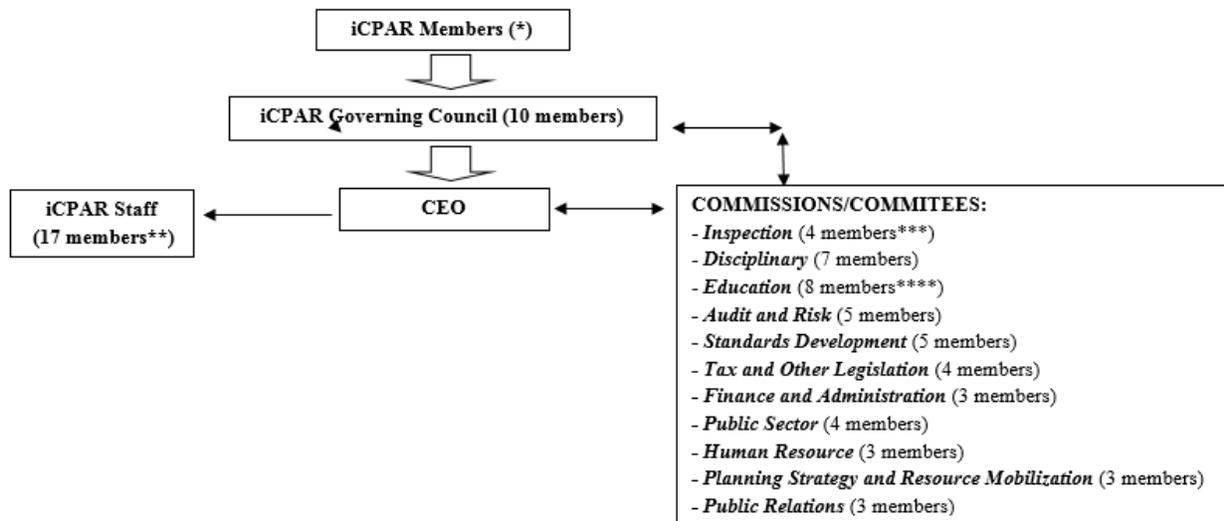
49. It is important to note the Secretariat is currently not performing the AQA reviews, even though this is one of the key functions of the Institute. The Secretariat structure and its composition need to be revised with departments tailored to technically support the Governance Commissions, iCPAR members and the wider public.

50. The functional organizational structure iCPAR should strive for and put in place on short to medium term is outlined in the chart below. Currently, the Inspection Commission reports both administratively and functionally to the Governing Council. The recommendation is for the

³⁰ The most practical set up is to have a Board/Council within ICPAR which is made up of one or two members of the Governing Council but with majority members from representatives of audit services beneficiaries like bank regulator, non-banking financial institutions regulator, regulator of SOEs, stock exchange, capital markets authority, etc. This should be chaired by a non-practicing member of ICPAR, preferably former audit partner. This board/Council should have powers to sanction and it should rely on work done by the ICPAR secretariat audit quality review department. This is similar to the ICAEW set up and also similar to set ups in a number of countries that have not set up a purely independent and separate oversight body e.g. Tanzania, Sierra Leone, etc. and was the situation in Zimbabwe before the set up an independent oversight body. The arrangement will be subject to constant review with the long term objective of setting up an independent separate body/authority.

Inspection Commission to report directly to the Governing Council administratively only and be functionally independent. This organizational structure, as recommended by ICAEW, should be under constant review and only be seen as a practical stepping stone towards establishing an independent oversight body.

Figure 3. iCPAR’s High Level Organizational Chart (on Medium to Long Run)



* The optimal number of CPAs needed to meet the demand of the market for professional accountancy services is yet to be determined by MINECOFIN and iCPAR.

** Including directors, managers, officers, examiners, IT, accounting, and administrative staff, as summarized in Annex 1.

*** Reporting to the Governing Council only on administration issues, but functionally independent.

**** Including members of the Curriculum, CPD and Examination Sub-Commissions.

51. **The organic growth of iCPAR membership through students passing its examinations needs to be enhanced.** This can be achieved through deliberate initiatives by iCPAR to make the profession attractive to the young generation and also be able to attract best students (capable of passing the iCPAR examinations) from schools and tertiary education providers. This will enable iCPAR to produce high quality professionals in numbers needed to meet the growing demand for accountants in both the private and public sectors of Rwanda. During the launch of this ROSC A&A Update, officials from MINECOFIN estimated that about 350 professional accountants and 2000 accounting technicians are required to support Rwanda achieve middle income status. Although the GoR is contributing significantly to the training of accountants, the pass rate is still very low. As at the time of this ROSC A&A mission, iCPAR has produced only four accounting technicians out of three examinations (all from the Kigali Institute of Management which has partnered with iCPAR, and two iCPAR graduates from the University of Rwanda College of Business & Economics. Large numbers of high quality iCPAR members will help iCPAR be more visible, compete against other professional bodies active in the country and be sustainable. iCPAR needs support which includes training material for its courses which is up to date and affordable to students.

52. **A major challenge iCPAR faces is demonstrating its relevance in the face of greater visibility, prestige and resources of some foreign Professional Accountancy Organisations**

(PAOs) active in the country. Efforts by iCPAR to address this challenge should be through the following initiatives;

- a) ***Increased visibility in special areas*** - iCPAR should be effective in special areas like audit oversight and enforcement, advising Government on tax and financial reporting legislation, and taking a lead role in the country in influencing accountancy education and training including CPD.
- b) ***Increased visibility in technical assistance***-iCPAR should provide technical advice and support to members, Government and wider stakeholders. Its technical department should be strengthened and should consider establishing a technical help desk and hotline. At the moment its website provides mostly inward looking information to the public on topics like iCPAR news, information on auditors, careers, resource centre, seminars and events. The website services should be expanded to support the technical help desk and hotline once these are established.
- c) ***Increased visibility in knowledge activities***-iCPAR should take the lead in participation in knowledge activities like conference, workshops, seminars on new developments and topics relevant to Rwanda and East Africa. Depending on the topic, the knowledge activities can be run: (i) by iCPAR staff and/or members, (ii) in conjunction with regional partners like PAFA and other East African professional accountancy bodies; or (iii) with global partners like IFAC and IASB while coordinated by iCPAR. Knowledge activities with global partners should be on a “training of trainer” basis and given Rwanda’s need in the area greatest economic growth (the SME sector), focus on topics³¹ that benefit SMPs and SMEs. Topics of regional interest should be organised at EAC level (taking advantage of the MoU with other regional institutes) to promote regional peer learning and community of practice. These initiatives should be supported by an iCPAR technical newsletter and an up to date website.
- d) iCPAR needs financial and technical support in the short term to build its capacity to enable it to eventually run all the above initiatives sustainably on its own. In the process, iCPAR can benefit from practical experiences of other professional accountancy bodies globally that went through similar experiences and in particular from other East African countries with more mature professional bodies. It needs to collaborate, peer learn and participate in community of practice activities with professional bodies in these jurisdictions.

53. **iCPAR has to meet the IFAC SMOs in order to maintain its associate membership and support it’s ascension efforts to full IFAC membership.** The degree of compliance with these obligations also gives an indication of iCPAR’s ability to serve its members, stakeholders and the wider community in Rwanda on issues related to high quality financial reporting, necessary to achieve the country’s objective of sustained economic growth. Assessment of compliance is made using IFAC SMOs 1-7 (Revised) as benchmarks. In assessing compliance with the SMOs, due consideration was given to the applicability³²framework and the best

³¹These include; *Guide to Using ISAs in the Audits of Small-and Medium-Sized Entities*, *Guide to Quality Control for Small-and Medium-Sized Practices*, *Guide to Review Engagements*, *IFRS for SMEs*, *A Guide for Micro-sized Entities Applying the IFRS for SMEs* (2009).

³²The “Applicability” hierarchy is “direct responsibility”, “shared responsibility”, and “no direct responsibility”

endeavours concept³³, as well as relevant factors specific to Rwanda (for example priorities, resources, processes, and challenges). In 2010, the iCPAR Council approved the iCPAR Action Plan,³⁴ (a self-assessment document submitted to IFAC) and published in 2014. As a self-assessment, the use of it for the purposes of the ROSC review was limited to being a source of information which was further verified in meetings with stakeholders during the main field mission.

Table 4. Assessment of iCPAR’s Status of Compliance with IFAC SMOs 1-7 (Revised)

SMO	Degree of Responsibility ³⁵	Current Status & Challenges
<p>SMO 1 <i>Quality Assurance</i></p>	<p>Direct; The Accountants Law gives the necessary legal backing to iCPAR to establish AQA unit.</p>	<p>AQA activities started in 2012 through training workshops. The AQA unit failed to take off after the consultant hired failed to perform. The only member of staff in the unit resigned in June 2014 and has not been replaced. No audit quality reviews ever took place since the establishment of iCPAR. This function needs to be established, staffed appropriately, and necessary training conducted. The planned capacity building under an iCPAR/ACCA/IFUSE arrangement needs to be speeded up to make the unit operational in the near term. The ACCA and IFUSE initiative should also take a capacity building approach to strengthen iCPAR.</p>
<p>SMO 2 <i>International Education Standards for Professional Accountants and other IAESB Guidance</i></p>	<p>Shared; This is shared with various education and training providers; iCPAR is responsible for designing syllabus/curricula and conducting examinations for both the technician and professional accountancy qualifications in Rwanda which it administers. However, for teaching, it relies on training institutions and universities whose curriculum it does not control.</p>	<p>The iCPAR still has a lot to do in terms of influencing tuition providers, monitoring practical training offered to students by training firms, and developing the whole system of professional education from curricula and syllabus design, setting and marking examinations and certification at technician and professional levels, including running ongoing CPD programs. It also needs to collaborate with the HEC to monitor the quality of lecturers and tuition at tertiary education providers to ensure quality is maintained. This is currently not happening.</p> <p>iCPAR requires further support in this area,</p>

³³ The “best endeavours concept” applies to where an IFAC member body has no direct responsibility over an SMO. The member body should use best endeavour to encourage those with the responsibility for the requirement to follow the SMO or assist in the implementation where appropriate.

³⁴ This is a strategic document illustrating iCPAR’s compliance with SMO requirements.

³⁵ There is no SMO to which the iCPAR has no responsibility, implying that the iCPAR needs significant financial and technical resources to fulfil its membership obligations.

		<p>including twinning with a strong, reputable IFAC member body that has a track record of success in administering quality education and running such twinning arrangements. Assistance through any twinning arrangements should be provided directly by the twinning partner and not through a third party as was the case in the previous arrangement.</p> <p>Completion of the practical training program being developed should be speeded up while ensuring it is consistent with IES 5, and its implementation by training firms monitored closely by iCPAR.</p> <p>The main challenge iCPAR is facing in achieving the above objectives is inadequate technical capacity in its Secretariat under governance.</p>
<p>SMO 3</p> <p><i>International Standards, Related Practice Statements, and Other Pronouncements Issued by the IAASB</i></p>	<p>Direct; The Accountants Law gives the necessary legal backing (Ref paragraph 83).</p>	<p>The Institute is making effort to support the implementation of the standards and pronouncements. Awareness activities and clarification of the pronouncements and standards to implementers are required on an ongoing basis and this is being done through CPD sessions.</p> <p>The challenge faced in this regard is inadequate technical capacity in Secretariat.</p>
<p>SMO 4</p> <p><i>IESBA Code of Ethics for Professional Accountants</i></p>	<p>Direct; The Accountants Law gives the necessary legal backing through Article 82.</p>	<p>The Law establishing iCPAR requires that the provisions of the Code of Professional Conduct and Ethics adopted by iCPAR be consistent with the similar Code published by IFAC. iCPAR therefore has a duty to ensure that there is no gap between its Code and The International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants. Awareness and implementation activities, as well as compliance monitoring are required.</p>

		The challenge being faced is inadequate technical support in Secretariat.
SMO 5 <i>International Public Sector Accounting Standards³⁶ and Other IPSASB Guidance</i>	<i>Shared³⁷</i> ; This is shared with the Accountant General in MINECOFIN. iCPAR’s legal mandate comes from Article 3 of Law the number 11/2008 which established iCPAR, providing that “ <i>Within public organs, the accounting standards shall be consistent with International Public Sector Accounting Standards (IPSASs)</i> ”.	The iCPAR has no capacity to support the MINECOFIN in the various stages towards the eventual application of accrual IPSAS ³⁸ . The GoR has set 2020 as the deadline to complete the migration to accruals IPSAS and this has to be supported by appropriate training in IPSAS for preparers of financial statements in the public sector MINECOFIN collaborates with the Chartered Institute of Public Finance and Accountancy (CIPFA) and ACCA to secure the much needed IPSAS training for its employees.
SMO 6 <i>Investigation and Discipline</i>	<i>Direct</i> ; The Accountants Law gives the necessary legal backing by providing for the establishment of a Disciplinary Commission.	Currently there is only one Disciplinary Commission which makes recommendation(s)/communicates its decision to the Governing Council. There is need for the Council to separate the investigation from discipline functions to enhance independence and objectivity. The support of members is required to achieve this.
SMO 7 <i>International Financial Reporting Standards</i>	<i>Direct</i> ; The Accountants Law gives the necessary legal backing.	The three financial reporting frameworks; <i>IFRS, IFRS for SMEs and A Guide for Micro-size Entities Applying IFRS for SMES(2009)</i> need on-going awareness activities from iCPAR and this is taking place but needs further support by strengthening the iCPAR technical department and involving iCPAR members in CPD activities.

54. iCPAR requires significant focused financial support and technical resources in addition to the current supportive legal backing to fulfil its IFAC membership obligations.

³⁶Set of high quality financial reporting standards for effective financial reporting in the public sector. They assist governments understand their fiscal position and prospects, while providing legislators, markets, and citizens with reliable information they need to make efficient financial decisions and to hold governments and public sector entries accountable for their performance.

³⁷ With appropriate technical capacity, IPSAS is one area iCPAR can advise government given its legal mandate and need to be relevant to the economy.

³⁸ The IPSAS Board issued Guidelines on Migration to Accruals IPSAS and Guidance on First Time Adoption of IPSAS (ED53) which should be used when implementing IPSAS in Rwanda.

Financial resources are required to attract and retain staff in the technical, education, and legal departments of the Institute, thereby building technical capacity. The support should be for a period specified in iCPAR's strategic plan. Since its establishment, iCPAR has been sustained by financial support from the GoR and development partners.

55. There are 35 firms registered to perform accounting and auditing services in Rwanda, and only 160 out of the about 320 registered CPAs are in good standing³⁹. 70 percent of the members in good standing are foreigners. It is estimated that less than ten CPAs are in the government sector. The "Big Four" and some mid-tier global network firms are represented in the country, but are seen as rather small practices with average of one partner per firm, receiving significant support from outside Rwanda (mostly their Kenya and Uganda offices). There are also some local small and medium sized practices in the country with weak client bases facing difficulty complying with the requirements of the International Standard on Quality Control (ISQC) 1. Compliance with applicable standards is a challenge most firms face, although iCPAR brings awareness on changes and revisions. Attracting and retaining qualified staff is a challenge for most practicing firms in Rwanda, especially SMPs. Weak resources base may lead to compromise of ethics and inappropriate financial reporting practices.

56. Requirements to set up a practice and subsequent supervision need to be improved. The requirements are very simple and not benchmarked against ensuring compliance with the 6 elements of ISQC1 as a minimum. Subsequent to setting up, monitoring and enforcement to ensure compliance with ISQC1 by the firms is non-existent with no audit quality reviews taking place. Because of the shortage of qualified accountants, some practices employ staff not qualified to conduct audit work and offer inadequate supervision. This may negatively impact on audit quality and perception of the profession by the public.

57. All practicing firms operate as limited liability⁴⁰ companies⁴¹. They have to register first under the Rwanda Development Board (RDB) as a company before registering with iCPAR. In countries where LLP firms are well established, they have to comply with certain audit transparency requirements, like publishing independently audited financial statements. These requirements are not in place in Rwanda. In larger economies where firms have opted for LLP status, it is the larger audit firms and firms that are exposed to greater litigation risk that opt for LLP status. There is also a public perception which needs to be managed; that LLPs, in the absence of audit quality reviews, may have a negative impact on audit quality⁴².

58. Currently, professional indemnity is not mandatory for practitioners. iCPAR should introduce professional indemnity insurance for practitioners who conduct audit work and make it

³⁹That is they meet all membership requirements like CPD, paid subscriptions, etc.

⁴⁰In a limited liability practice, one partner is not responsible or liable for another partner's misconduct or negligence. This is an important difference from the traditional unlimited partnership in which each partner has joint and several liability.

⁴¹Extent of shareholders' liability –Per the Companies Act, a shareholder shall not be liable for an obligation of the company by reason only of being a shareholder. The liability of a shareholder shall be limited to: (a) any amount unpaid on a share held by the shareholder; (b) any liability to repay a distribution received by the shareholder to the extent that the distribution is recoverable; (c) any liability expressly provided for in the constitution of the company. This does not include any liability arising from professional negligence or poor audit quality.

⁴²Although research at Nanyang University in Hong Kong did not find that the LLP legal form has a negative effect on audit quality or that it has adverse consequences for clients.

one of the requirements for issuing a practice certificate. Various formulae are used in different countries and perhaps iCPAR could consider 1 percent of fees from audit services.

59. **The profession is currently made up of two categories of members.** These are certified accounting technicians (CATs) and certified professional accountants (CPAs). iCPAR should look at the profession as a whole, regulate it and strengthen it at each category. Mechanisms to regulate accountants who failed to pass the professional examinations and those accountants grandfathered as associate members of iCPAR but failed to qualify as iCPAR full members⁴³ and are working in Rwanda as accountants may need to be worked out including considering giving them a lower qualification (second tier)⁴⁴ of iCPAR and then regulating them at that level. Regulation should also be extended to include accountants with foreign professional qualifications who are practicing in Rwanda. These should be registered with iCPAR and be regulated locally in addition to the regulation they get from their professional body outside Rwanda. This will ensure that all accountants at each layer in Rwanda are equally and evenly regulated and meet minimum standards set by iCPAR.

60. **CATs are important to the economy of Rwanda and there is need to grow their numbers.** Government institutions from central government through to the many districts in the country require large numbers of CATs. The private sector also requires them to support the work of professional accountants. These technicians need accounting colleges (and not universities) to produce them. Currently, there is not much emphasis and interest to introduce accounting technician qualification at colleges. iCPAR should use best endeavour through collaboration with colleges to influence them to introduce accounting technician qualification. This includes assisting with curriculum and syllabi development.

61. **The iCPAR Law gives iCPAR the mandate to regulate the accountancy profession.** An Inspection Committee was set up and efforts were made to set up an AQA unit within iCPAR. However, this has not been achieved. The unit has not been staffed since June 2014 and no reviews by iCPAR have ever taken place. The governance structure is such that the AQA unit reports to the Inspection Commission which in turn reports to the Governing Council of iCPAR. Independent oversight, with government playing a significant role particularly with regards to auditors of public interest entities is becoming increasingly common with the regulatory bodies being members of the International Forum of Independent Audit Regulators (IFIAR). The establishment of an in-country independent oversight body for auditors in Rwanda may be too early given the relative size of the profession, its stage of development and the resources required. However it is an objective which should be kept under constant review (considering different options, including regional collaboration) as the profession and the economy grow and become more sophisticated.

62. **Law Number 11/2008 establishing iCPAR requires the Code of Professional Conduct and Ethics to be consistent with the Code published by the IESBA.** The IESBA Code provides necessary situation-specific guidance to accountants in business and in professional practice in meeting challenges to their independence and provides a basis for disciplinary action on members breaching ethics. iCPAR is working on awareness activities to its

⁴³Only I (one) of all associate members grandfathered when the iCPAR Law came into effect qualified as a Certified Public Accountant Rwanda by the end of the five year window period given.

⁴⁴These would not be allowed to offer professional services to the public as professional accountants.

members based on the 2014 IESBA Handbook. These activities should be enhanced and should include clarifying to its members the consequences of noncompliance.

63. The volume and pace of change in international standards and changes in laws and regulations relating to financial reporting requirements are a challenge to iCPAR and its members. Keeping up-to-date with evolving standards presents a significant challenge to practitioners and accountants in business who need to constantly update their knowledge through appropriate CPD and other knowledge activities. iCPAR's CPD requirements⁴⁵ meet IFAC's International Education Standards (IES) requirements⁴⁶. iCPAR should monitor and enforce compliance by its members, ensuring appropriate balance between hours in core subjects and hours in soft skills.

C. Education and Training

64. iCPAR has the mandate for education, training, examining, certifying and overseeing the whole system for the accountancy profession in Rwanda. The mandate covers the professional stage (CPA), and the Certified Accounting Technician (CAT) stage. iCPAR's initiatives should, therefore, not just be focused on developing accountancy education and training for the professional qualification and private sector accounting only. Focus should also be given to further developing accountancy education and training for the technician qualification and public sector accounting, ensuring adequate numbers are churned out to meet the requirements of the economy. Additionally, iCPAR's Secretariat needs to be sufficiently staffed in terms of its education and examination support capabilities to enable the Institute to effectively discharge its responsibilities in the area of accountancy education and training. This will make iCPAR able to produce accountants relevant to the needs of the country in all sectors.

65. The Law requires iCPAR to establish education requirements in accordance with IES. The iCPAR's CPA qualification is benchmarked against the qualification of the Institute of Certified Public Accountants of Ireland (CPA Ireland, a full member of IFAC), which is fully aligned with the IESs. iCPAR should aim to have the local qualification internationally recognised and enter into reciprocal arrangements for mutual recognition with larger professional bodies that are strong members of IFAC.

66. iCPAR has little influence over curriculum content development for those institutions training towards its qualification. However, MoU have been signed with five universities to improve on this shortfall on a medium to long run. Tertiary training institutions and universities determine their own curriculum and train for the general market. Most of the training by private universities is academic with no focus on professional subjects aligned to the iCPAR qualification. This creates a gap between the knowledge students gain from the universities and the knowledge required for entry into professional training. Consequently, students struggle to cope with the professional training. Only the University of Rwanda has aligned its program to the iCPAR syllabus and students can write iCPAR examinations while studying for their university degree (this program is sponsored through government funding). iCPAR should control the course content and quality of delivery for all subjects leading to its two qualifications. The iCPAR has a subject exemption policy that is specific to each university.

⁴⁵iCPAR Bylaws require all members to attain 20 structured and 20 unstructured CPD hours each year over 3 years commencing January 2011.

⁴⁶ IFAC's IES require at least 120 hours for each three year period (average of 40 hours per year)

67. **Entry requirements for students intending to train as CPA meet IES Requirements⁴⁷.** However there is no established practical training requirement for professional accountants. This needs to be addressed to meet IES requirements and to produce professional accountants with adequate practical experience. Access to high quality up to date course material for the CAT⁴⁸ and CPA qualifications is a major challenge and tuition providers are forced to develop their own training material.

68. **To be accepted as a CAT- Rwanda by iCPAR, a candidate needs to meet the following requirements:** (a) hold a CAT certificate awarded by the Institute, or (b) hold a CAT certificate awarded by a body of professional accountants outside Rwanda which is a full member of IFAC. iCPAR needs to develop mechanisms to regulate its technician members, as currently they are not regulated.

69. **Holders of professional qualifications from other IFAC member bodies are not required to write any examination before being allowed to practice in Rwanda,** a situation which can give rise to practitioners practicing in Rwanda without adequate knowledge of the Rwanda Tax and Company Law. However, for a individuals to be CPAs and members of iCPAR, they shall fulfil at least one of the following requirements: (a) be a holder of the professional qualification “CPA” issued by the Institute (iCPAR), and (b) be a holder of a professional qualification of a “chartered accountant or certified public accountant” issued by a body of professional accountants in another country which has full membership of IFAC, subject to approval by the iCPAR Governing Council.

70. **Public sector subjects are not currently included in any accountancy education and training curricula.** iCPAR should consider introducing certification in public sector accounting. The certificate course should be comprehensive enough to give students an adequate understanding of public sector accounting and such effort will require collaboration with education providers. This aspect is considered critical in order to develop the required skills to serve the public sector accountancy profession. Public sector subjects should include IPSAS, public sector financial management and regulatory frameworks. This will enhance iCPAR’s relevance to Government and the wider public sector which require an IPSAS financial reporting framework.

71. **The quality of accountancy education at tuition providers (tertiary education institutions and lecturers) needs improvement together with access to up-to-date course material.** iCPAR should use best endeavor to influence curricula to ensure international standards in accounting and auditing are taught at university level in Rwanda using affordable, easily accessible up-to-date course material. The tuition should be comprehensive and offered by appropriately qualified tutors who maintain up-to-date knowledge in accounting and auditing standards. This will ensure production of high quality graduates from the supply side (universities and tertiary institutions). The challenge at the moment is that appropriately qualified lecturers are not readily available in Rwanda. In the short to medium-term, it may be necessary

⁴⁷These are:

- Senior six examination score of at least 30 points or its equivalent
- Holders of the Certified Accounting Technician Certificate
- Holders of Bachelor’s Degree in Accounting
- Accounting Certificate from a recognized university/tertiary institution or professional body
- 3rd year university students specializing in accounting or business studies

⁴⁸Entry requirements are;(a)senior six examination with at least 15 points, and (b) work experience and other certificates from recognized institutions (on a case by case basis)

to get suitably qualified lecturers from outside the country and put them on attractive expatriate conditions.

72. The quality of education and tuition providers can benefit from increased collaboration between tertiary institutions and the HEC. The collaboration should include monitoring, ensuring institutions cooperate with iCPAR where necessary on curriculum, qualifications of lecturers and course material, and the HEC should use its powers to sanction institutions for noncompliance with approved standards of education delivery.

73. The requirement for compulsory monitored practical training for students as part of the iCPAR professional qualification should be speeded up. iCPAR should make monitored practical training part of its qualification requirements if the qualification is to be recognized internationally. Those professional firms training professional students should ensure the graduates who enter the iCPAR qualification system under their mentorship receive well monitored professional training (including supervised practical training) leading to a high quality qualification meeting international standards. The iCPAR should monitor such training by visiting the firms and inspecting the training records. The training records should be sent to the Institute at the end of the training period for final assessment before a student is cleared for qualification. This process will enhance the quality of the iCPAR qualification and assist in meeting mutual recognition requirements with other professional bodies beyond East Africa, enhancing its international reputation and portability. Once the decision has been made to make monitored practical training part of the iCPAR qualification requirements, a long-term objective should be to consider training outside professional practice. The current internship requirements by different universities are not uniform, with some being for periods as short as two months, which does not benefit both the students and the employers.

74. The transition from the Organisation Commune Africaine, Malagacheet Mauricienne (OCAM) Plan⁴⁹ accounting system and other national accounting⁵⁰ frameworks to IFRS, an accounting system based on a conceptual framework is a major challenge to academics, preparer and auditors in Rwanda. With globalization, the OCAM Plan and national accounting frameworks no longer satisfied the information requirements increasingly diversified by the needs of end users of financial statements. This necessitated the adoption of IFRS in Rwanda in line with global trends. Some nonqualified senior accountants (not members of iCPAR) were trained in the profession or gained experience under the old accounting frameworks and are facing challenges to understand IFRS. Most preparers in this category rely on external auditors for interpretation and treatment of accounting transactions under IFRS. This requires iCPAR to reconsider its training programs with regards to IFRS and other international standards. Instead of concentrating on workshop based CPD where participants get attendance acknowledgements, consideration should be given to partnering with professional trainers and introduce longer term training courses that lead to certification at diploma or certificate stage from large established professional accountancy bodies that offer such courses and certification. This is because of the deep need to upgrade knowledge in these international standards.

⁴⁹For Rwanda, this was a codified rules based variant of the Franco-Belgian accounting system. The Franco-Belgian variant system was in turn a variant of the German system. As part of post second world war economic planning, France undertook economic reconstruction on a centralized basis. It required all its overseas areas of influence to adopt its accounting charts.

⁵⁰These were used by various entities before the adoption of IFRS and were enshrined in various laws.

75. **iCPAR CPD policy should put deliberate emphasis on IFAC and IASB products that are aimed at assisting SMPs and SMEs.** This will help the SMPs and SMEs which are very significant to the economy of Rwanda cope better with the existing financial reporting and auditing requirements. A successful CPD program will also assist in achieving the needed financial sustainability (through charges made for attending the CPD sessions) for iCPAR in addition to benefiting its members and the public, making iCPAR more visible and relevant to stakeholders.

76. **Both the international audit network firms and local SMPs expressed the need and importance of the audit quality review to function at iCPAR.** They indicated that the reviews will among other things, assist them to better run their practices and perform audit engagements in compliance with applicable standards. They indicated that with time an independent oversight body to oversee the accountancy profession would be preferable to self-regulation by iCPAR.

D. Setting Accounting and Auditing Standards

77. **The Letter from the Minister of Finance requesting for this second ROSC A&A requires the assessment team to compare national accounting and auditing standards with international standards.** The Companies Act requires financial statements in Rwanda to comply with international accounting standards while the Law establishing the iCPAR requires accounting and auditing standards to be consistent with international standards. This means there should be no standards gap in Rwanda in terms of adoption. The focus of the second ROSC A&A is, therefore, to assess the degree of compliance with international standards by preparers, auditors and regulators in the financial reporting supply chain.

78. **The adoption status of IFRS, ISA, and IPSAS is as follows:**

- **IFRS:** Article 3 of Law number 11/2008 establishing iCPAR provides that within the private sector the accounting standards shall be consistent with IFRSs. Full IFRSs shall apply to public interest entities and non-publicly accountable entities have the option to use IFRS for SMEs.
- **ISAs:** Article 3 of Law number 11/2008 establishing iCPAR provides that the auditing standards in Rwanda shall be consistent with ISAs issued by the IAASB⁵¹. The Companies Act⁵² makes reference to the use of the ISAs in the work of auditors.
- **IPSASs:** Article 3 of Law number 11/2008 establishing iCPAR requires that within public institutions the accounting standards shall be consistent with IPSASs. The adoption of IPSAS and the successful implementation of the standards will complement the ongoing World Bank Support to the Republic of Rwanda for a Public Sector Governance Program –for-Results.

This gives full legal backing to the adoption of international accounting and auditing standards in Rwanda. Rwanda needs to actively participate in the standards-setting process, either alone, together with other EAC Institutes, or through PAFA. This means reviewing exposure drafts of international standards or participating in invitations to comment from

⁵¹“The auditing standards in Rwanda shall be consistent with the International Standards on Auditing, “ISA” issued by “IFAC”

⁵²Article 2, definition 20, and articles, 247, and 254

various standards setting boards. The activities require technical capacity building in the iCPAR secretariat and collaboration with members for input.

79. **The Government is yet to set a deadline of 2020 for the whole of the Government to comply with accruals IPSAS (internal discussions are underway).** Currently, the central government, local government and projects are on the modified cash⁵³ basis of accounting, and are consolidated in the general government financial statements. Government business entities are on IFRS framework.

80. **The process of migrating to accruals IPSAS requires a lot of training on this framework for successful implementation.** The MINECOFIN faces a challenge of training and retaining qualified staff. Various initiatives are in place to try and mitigate the capacity problem, including workshops for certification by CIPFA, sponsorship of employees for up-skilling in various government institutions, and sponsoring of university graduates to work towards an iCPAR qualification. The major challenge is retaining the staff after qualification. Of all the universities and tertiary training institutions in the country, only the University of Rwanda has a course in public sector accounting. The current curricular for both CAT and CPA do not include public sector subjects or options.

81. **Adoption of international standards is the first step, with major challenges coming in ensuring successful implementation of appropriate standards.** These activities include awareness campaigns, workshops, seminars, active website, technical help desk, education (including CPD) to students, members and the wider public. The stability and growth that Rwanda has had in the past two decades has allowed space and flexibility to implement international standards. Given the significance of SMEs and SMPs in Rwanda, proportionate implementation of the various standards is important in order to reduce the cost of compliance to the SMEs⁵⁴ and SMPs when the public interest is not at risk becomes important. The following standards and guides which are aimed at reducing the cost of compliance should be subjected to extensive awareness campaigns including guidance on how to implement them wherever they are applicable: the *IFRS for SMES and its Guide for Micro-entities Applying IFRS for SMES (2009)*, *Guide to Quality Control for Small-and Medium sized Practices*, *Guide to Using ISAs in the Audits of Small-and Medium –sized Entities*, and *Guide to Review Engagements*. iCPAR requires significant technical and financial resources to be successful and effective in successfully implementing these activities.

E. Ensuring Compliance with Accounting and Auditing Standards

82. **Enforcement of financial reporting requirements by regulators is not even and effective in many cases.** This requires regulators to have capacity to effectively regulate, supported by appropriate legal sanctions. Currently, regulators have different and usually low capacities across the board to regulate the entities under their purview and place significant reliance on the work of external auditors. The external audit firms themselves, especially SMPs, find it difficult to attract and retain qualified staff. The fact that audit firms are currently not being reviewed by iCPAR compounds the problem.

⁵³This is not an IPSAS framework of accounting but is a credible framework in the migration process to accruals IPSAS.

⁵⁴High cost of compliance may force SMEs to operate informally, resulting in further increasing the already high proportion of SMEs in the informal sector in Rwanda, impacting on government revenue and quality of doing business.

83. **Compliance with standards by unlisted companies outside the regulated sectors varies due to a lack of effective regulation.** For these companies, the quality of financial reporting depends on such factors as audit firm culture and the quality of accounting staff in the companies. Currently, there is no effective mechanism to ensure that large unlisted companies which are significant to the economy of Rwanda, and therefore are of public interest, maintain proper books and prepare financial statements complying with IFRS. Once PIE has been defined as recommended, the iCPAR Law and Companies Act or its regulations should be amended to require those companies in this category have their financial statements reviewed by iCPAR's AQA, once it is operationalised.

84. **The CMA regulates the Capital Markets in Rwanda.** However it has no capacity to check financial statements of listed companies for compliance with IFRS. For this, it relies on the work of external auditors. CMA signed MoU with iCPAR to allow, among other things, collaboration on issues regarding external auditors of listed companies. Auditors of listed companies should be on the iCPAR's list of registered audit firms.

85. **The RSE has full authority to monitor and enforce financial reporting, auditing, and other requirements of general purpose financial statements of listed companies.** This is done as part of enforcing the listing requirements. The RSE has a team of three CPAs who check financial statements for compliance with IFRS and the general findings are that the level of compliance with IFRS is low.

86. **The NBR is not effectively reviewing financial statements and enforcing compliance due to lack of professional staff.** The NBR is mandated to regulate and supervise the Banking and Non-Bank Financial Institutions (NBFIs). The main purpose of this mandate is to protect the interest of depositors, policy holders and pensioners by ensuring that these institutions are financially sound and stable. In order to fully execute this mandate, the Bank established the Banking Supervision and NBFIs Supervision Divisions to monitor these institutions by carrying out onsite and offsite inspections of the regulated institutions. The Supervision Divisions do not have qualified professional accountants, although few employees are undergoing the qualification process. The NBR needs to enhance capacity to check the companies in these sectors for compliance with IFRS.

87. **The Banking and Insurance Laws provide for penalties on external auditors who fail to report cases of additional reporting requirements⁵⁵ per these laws, as follows:** (1) warning; (2) prohibition from carrying on audit operations of the bank; (3) withdraw from the roster of external auditors accredited by the NBR for a period of three years; and (4) permanent removal from the roster of external auditors fixed by the NBR depending on the severity of the case.

88. **The financial reporting requirements of the RRA do not encourage high quality financial reporting practices.** The Authority should consider requiring the financial statements

⁵⁵(a)Any information or occurrence relating to the affairs of the institution, that in his or her opinion, could jeopardize the interest of the institution, its depositors or policyholders or other creditors, or information that the institution is insolvent or is likely to be unable to meet its obligations;

(b)Any criminal offence that has been or is being committed by the institution or in connection with its business;

(c)Any breach or non-compliance with relevant laws or regulations including those relating to money laundering or to supporting terrorism

(d)Any significant weaknesses in the institution's internal control which may render it vulnerable to significant risks or any exposures that have potential to jeopardize its financial viability.

used to calculate taxable income for companies to be prepared in compliance with IFRS, IFRS for SMEs or Guide to Applying IFRS for SMEs by Micro-sized Entities (2009) depending on the size of the entity. For compliance with financial reporting standards, RRA relies entirely on the work of external auditors.

89. The Rwanda Utilities Regulatory Authority (RURA) regulates companies in the utilities⁵⁶ sector. The companies vary from small private companies which in terms of the Companies Act are not obliged to appoint auditors, to very large entities which because of their quantitative characteristics are significant to the economy of Rwanda and are therefore PIEs. These large entities are required in terms of the Companies Act to appoint auditors and file financial statements with the Registrar General and RURA. Since both small private companies and PIE have not been defined, there is no established threshold to determine which companies report under each framework. Because of lack of technical capacity, RURA relies on the work of external auditors to ensure compliance with IFRS for companies that are not small private companies.

90. The RSSB is the biggest investment vehicle in the country and is an SOE. It does not invest in entities that do not have audited financial statements. It has its own team⁵⁷ which does in-house checks of audited financial statements, and conducts due-diligence on the audited financial statements and other issues as part of the due process when making an investment decision.

91. Monitoring and enforcement of compliance with standards by auditors is the responsibility of iCPAR through AQA, and investigation and discipline mechanisms;

- *Quality Assurance:* The law requires iCPAR to establish an AQA review system for auditors that is aligned with the requirements set out in IFAC Statement of Membership Obligations (SMO) 1 “*Quality Assurance*”. As already indicated, this is currently not happening being performed at iCPAR.
- *Investigation and Discipline:* In accordance with article 40 of the Law number 11/2008, iCPAR is responsible for investigation and discipline of its members for breach of rules and misconduct in line with the requirements set out in IFAC SMO 6 “*Investigation and Discipline*”. These functions are not being effectively performed at iCPAR.

92. The Office of the Auditor General (OAG) is responsible for the audits of SOEs. While such audit engagement may be contracted to private audit firms, the ultimate responsibility for the quality of the work remains with the Auditor General. The OAG faces a challenge of retaining qualified professional accountants despite the efforts it makes in training⁵⁸. Out of 95 audit staff, only six are qualified (three CPAs and three ACCA holders)⁵⁹. The rest are students at different stages of qualification. The office, therefore, faces a significant staff capacity problem. The OAG therefore needs to improve onstaff recruitment, retention and professional development⁶⁰.

⁵⁶Including telecommunications, media, postal, energy, water, transport, sanitation, etc.

⁵⁷Consists of qualified ACCA members and CFA finalists

⁵⁸Capacity building is a continuous activity. Staff also participates in training organized by iCPAR. Some members of staff are sent abroad for specialized training in areas like performance auditing

⁵⁹Statistics provided by the Office of the Auditor General.

⁶⁰This is consistent with the findings and recommendation of DFID on “Strengthening Public Audit in Rwanda”

93. **The tax laws need to be harmonised with the IFRS framework.** They need to recognise the accruals and fair value concepts imbedded in IFRS and allow for appropriate adjustments in the tax computations to arrive at the profit or loss for tax purposes. This will contribute to high quality general purpose financial statements to be prepared and also used as a starting point for tax computations.

94. **Registrar General’s office checks financial statements for administrative compliance only.** This includes checking that submission deadlines are met. Its database needs to be improved in order to identify which of the registered companies are dormant.

95. **Because of the shortage of accountants and the general low level of understanding the IFRS and IFRS for SMEs, cases of auditors assisting with accounting work are many.** The problem is across all entities that are subjected to audits, from large and listed to small companies. This compromises auditors’ independence and the credibility of the financial statements. There currently is no regulatory enforcement to ensure auditors do not assist clients in the preparation of the financial statements they audit. This would best be enforced through the AQA of iCPAR.

IV. ACCOUNTING STANDARDS AS DESIGNED AND AS PRACTICED

96. **To assess the practice of accounting standards, 16sets of audited financial statements were reviewed to test compliance with applicable accounting standards.** The breakdown of the reviewed financial statements is as follows: four banks, three insurance companies, one micro-financial institution, one Investment Company, two large private and unregulated companies, four SOEs, and one SME. Financial statements outside the regulated sectors are extremely difficult to access (even through the Registrar General’s Office) and the team’s request for these was viewed with high levels of scepticism. However, those that were collected confirmed the general perception of the stakeholders about the quality of financial reporting in the country. Presentation and disclosures were assessed for the level of compliance with the applicable financial reporting framework. Assessment of recognition and measurement would require access to the auditor’s working papers and the records of the audited company. Non-compliance is common across each category of financial statements mentioned above, with the exception of banks.

97. Apart from the limited review of financial statements by the NBR and the RSE with respect to the banks, insurance companies and listed companies, there appears to be little use made of financial statements beyond the company, its management and owners. For example, little or no use of financial statements is made by banks as a basis for loan decisions; all lending is collateral-backed. Areas of non-compliance noted in the review of the financial statements include:

Table 5. ROSC A&A 2015 Review Findings

Review Findings	Number of Occurrences	Entity Sector
1).Non-disclosure or inadequate disclosure of accounting policies for taxation (both current and deferred tax), provisions, financial instruments, (both financial assets and financial liabilities including equity instruments), insurance contracts, revenue recognition,	With the exception of banks, each entity reviewed had one or more	Banking, Insurance, SOE, Large Private Company, SME

impairment, provisions.	of these findings.	
2). Non-disclosure of the risks the company faces and how the risks are managed.	6	SOE, Large Private Company, SME
3). Inadequate disclosure of retirement benefit costs and termination benefits.	10	Insurance SOE, Large Private Company
4).Items of Other Comprehensive Income (OCI) were not classified into those that, in accordance with other IFRSs: <ul style="list-style-type: none"> ➤ will not be reclassified subsequently to profit and loss, and ➤ may be reclassified subsequently to profit and loss when specific conditions are met 	4	Insurance, SOE, Large Private Company
5) Non-disclosure of whether items of OCI were disclosed net of tax.	4	Insurance, SOE, Large Private Company
6).Property, plant and equipment stated, under the disclosed accounting policies, to be held at cost but there was a significant revaluation gain on property plant and equipment disclosed under OCI.	1	Insurance
7). Audited financial statements prepared using an unspecified financial reporting framework	1	SOE

98. Lack of adequate understanding of the requirements of the applicable financial reporting framework and also lack of effective enforcement mechanisms are probably the major factor in non-compliance with international standards for non- listed and non-regulated entities.

V. AUDITING STANDARDS AS DESIGNED AND AS PRACTICED

99. **The Law does not allow standards gap in auditing.** All audits are required to be carried out in accordance with standards consistent with ISA.

100. **The ROSC team in 2008 found that the quality of the audited financial statements was of concern to the users and that improving quality required a robust regulatory regime and effective enforcement mechanisms.** The recommendation for strengthening the regulatory and enforcement regime has not been adequately implemented, and both regulation and enforcement are still either weak or non-existent.

101. **Auditors are failing in some cases to detect failures in basic presentation and disclosure requirements.** This is evident from the results of the assessment of the accounting standards as adopted and as practiced.

102. **Quality in conducting audit services by audit practitioners remains a challenge for the profession.** This is mainly because of the shortage of qualified accountants in the profession.

Some auditors come from outside the country to perform specific assignments after which they go back. The fact that there is no AQA from iCPAR compounds the audit quality problem in the country.

103. **Auditors are signing off audit opinions on financial statements as being compliant with IFRS in spite of the fact that the financial statements did not comply in material cases.** This was also evident from our assessment of the accounting standards as adopted and as practiced.

104. **The Companies Act has specific legal reporting requirements on which the auditors need to make reference in their report.** In a number of financial statements the team reviewed, no reference was made by the auditors in their report about compliance with the requirements of the Companies Act.

105. **In one set of financial statements,** the auditors stated in their report that the Directors are responsible for preparing the financial statements in accordance with “accruals basis of accounting” without mentioning the financial reporting framework. The auditors’ opinion also referred to accruals basis without specifying the financial reporting framework.

106. **Article 68 of the iCPAR Law requires a practitioner to have a certificate of iCPAR membership.** One set of financial statements reviewed by the ROSC A&A team had the audit opinion on a letterhead with all the directors from three foreign countries, including the one who signed the financial statements.

VI. STAKEHOLDER PERCEPTIONS ON THE QUALITY OF FINANCIAL REPORTING AND THE PROFESSION

107. **All stakeholders interviewed indicated that the quality of financial reporting in the country needs improvement.** The reliance on auditors in giving assistance in accounting and preparation of financial statements is identified as a major issue for most entities in the country.

108. **There is a perception that external auditors in some cases show lack of fortitude to stand their ground in the face of client challenges.** Some regulators felt there are cases where it is clear auditors may have given in to client pressure on certain reporting issues and end up issuing inappropriate reports or accept inappropriate accounting treatments.

109. **Concern was raised that one entity may produce different versions of financial statements for the same year;** one for the bank, another for the RRA, and a further version for the shareholders/owners,

VII. KEY RECOMMENDATIONS

110. This section outlines the recommendations that, if implemented, would contribute to further improvement of processes and practices in the financial reporting supply chain in accordance with international standards and good practice, taking into account local laws and circumstances for Rwanda. This identification is only the first step; the major challenge will be to transform the recommendations into simple, enforceable, prioritised and effective reform activities that will help enhance the quality of corporate financial reporting in Rwanda, and ensure transparency and accountability, leading to sustained economic growth for the benefit of Rwanda’s citizens. To assist in achieving this, a stakeholder-driven Country Action Plan (CAP)

that takes into account country priorities and resource availability is required. To ensure success in implementing the CAP, progress should be monitored on an ongoing basis and root causes of any failure to meet implementation targets should be identified on a timely basis and acted up.

111. The following are the key recommendations which should be the primary focus of reform efforts by leading stakeholders.

Further Strengthen iCPAR’s Secretariat Technical Capacity and Governance Structures

112. **Strengthen iCPAR to be a sustainable, visible, effective and strong professional accountancy organisation capable of meeting its legal mandate.**

113. **To achieve this, iCPAR will need to:**

- Focus on its medium to long-term *professional, reputational* and *financial* sustainability requirements as indicated in **Box 3** of this report, which requires further technical and financial capacity strengthening, especially of iCPAR’s Secretariat.
- Address and reduce the existing large expectation gap between what stakeholders expect iCPAR to be doing and what it actually delivers given its current resource base. This means that iCPAR will need significant resource strengthening in order to meet stakeholder delivery expectation.
- iCPAR needs to strengthen its governance and staffing structures, make them mutually supportive by aligning the staff structures to the Governance Commissions, and ensuring the staff adequately supports the Commissions(especially with regards to technical, education and training areas).Further, the governance and staff structures should be aligned to the iCPAR mandate per the iCPAR Law. This will ensure that iCPAR is able to meet its wide obligations and proves its relevance to students, members and the wider stakeholders including Government, thereby addressing the expectation gap problem.
- In order to meet these requirements, iCPAR will need capacity building assistance which is focused on enhancing technical capacity and delivery of effective education and training programs by the Secretariat. This will support what IFAC plans to do in its initiative to strengthen iCPAR under its programme of strengthening selected professional accountancy bodies.

114. **iCPAR should improve its capacity to comply with the IFAC SMOs and aim to attain IFAC full membership in the near term.**

Table 6. Recommendations for iCPAR on IFAC SMOs (Revised)

SMO	Recommendation
SMO 1 <i>Quality Assurance</i>	iCPAR should: <ul style="list-style-type: none"> ➤ Urgently establish the AQA within its Secretariat. Current collaboration with ACCA and IFUSE for technical assistance should be given a priority. The initiative should be aimed at capacity building of iCPAR’s AQA to enable it to effectively function on its own in the medium term. ➤ Ensure the Inspection Commission (once established) and

	<p>Disciplinary Commission meet the required independence for them to be effective.</p> <ul style="list-style-type: none"> ➤ Once the AQA is set up, facilitate workshops for all iCPAR practicing members to enlighten them with respect to quality assurance and SMO 1 requirements using common findings from reviews as guidance for discussion topics. ➤ Disseminate the “<i>Guide to Quality Control for Small and Medium – Sized Practices</i>”⁶¹ to benefit SMPs that have no global networks. <p>The Inspection Commission should be given resources sufficient to enable it to strengthen the AQA organisational structure, develop its staff, formulate appropriate working practices and procedures, and devise robust risk-based tools and methodologies. This should form part of the planned assistance from ACCA and IFUSE, and should also be included in the forthcoming assistance from IFAC.</p>
<p>SMO 2</p> <p><i>International Education Standards for Professional Accountants and other IAESB Guidance</i></p>	<p>iCPAR should:</p> <ul style="list-style-type: none"> ➤ Use best endeavours to improve the quality of education through influence on syllabi, curricula and quality of accountancy education at universities. ➤ Ensure CPD is delivered on topics most beneficial to Rwanda, including those relevant to SMPs and SMEs. ➤ Require compulsory supervised practical training to be part of its qualification requirements for professional membership. ➤ Ensure that students undergoing practical training for its membership are properly trained (hands-on) to achieve adequate and diverse competencies.
<p>SMO 3</p> <p><i>International Standards, Related Practice Statements, and Other Pronouncements issued by IAASB</i></p>	<p>iCPAR should;</p> <ul style="list-style-type: none"> ➤ Continue supporting successful implementation of Clarified ISA and other IAASB Pronouncements on an ongoing basis, particularly for SMPs. Once the AQA is established, this should be one of its major tasks. ➤ Continue assisting members in public practice in accessing IAASB publications. ➤ Continue holding workshops to assist members to correctly interpret and implement IAASB Pronouncements. ➤ Disseminate the “<i>Guide to Using International Standards on Auditing in the Audit of Small and Medium-Sized Entities</i>”⁶² and other IFAC publications, such as the “<i>Companion Guide</i>” and “<i>Tips for Cost- Effective ISA Application</i>” and other publications of the IFAC SMPs Committee.

⁶¹Prepared by the Small and Medium Practices Committee of IFAC. Although it is non- authoritative guidance on ISQC1, it supports implementation of the standard by explaining and illustrating the steps and procedures necessary to comply with ISQC 1

⁶²Prepared by the Small and Medium Practice Committee of IFAC

<p>SMO 4 <i>IESBA Code of Ethics for Professional Accountants</i></p>	<p>iCPAR should enforce compliance with this Code through the activities of the AQA as soon as it is established under the Inspection Commission.</p>
<p>SMO 5 <i>International Public Sector Accounting Standards and Other IPSASB Guidance</i></p>	<p>ICAPR should:</p> <ul style="list-style-type: none"> ➤ Use its best endeavours to support the successful implementation of the IPSAS by organizing and facilitating knowledge and training activities supportive of IPSAS implementation. ➤ Establish an effective Public Sector Commission. ➤ Through the Education and Examination Commission, advocate for the inclusion of public sector subjects as options in its professional qualification curriculum. This would be a major positive step in assisting with successful implementation of the IPSAS and would assist in increasing compliance with the standards by strengthening capacity.
<p>SMO 6 <i>Investigation and Discipline</i></p>	<p>iCPAR should establish an Investigation Commission independent of the Disciplinary Commission. It should also raise public awareness of its disciplinary powers and mechanisms, and encourage cases requiring disciplinary action to be raised with the Institute. The Disciplinary Commission should deliver the conclusions on disciplinary matters on a timely basis and should build the required capacity to ensure it is properly executing its responsibilities.</p>
<p>SMO 7 <i>International Financial Reporting Standards</i></p>	<p>iCPAR should further increase its initiatives to effectively support successful implementation of the three levels of financial reporting standards frameworks.</p> <ul style="list-style-type: none"> ➤ Particular emphasis should be given to building awareness of IFRS for SMEs and the Guide to Micro-size Enterprises Applying IFRS for SMEs, given the significance of the SME sector in Rwanda.

Further Strengthen the Profession, Education and Training

115. **Make the Inspection Commission of iCPAR independent of the Governing Council of iCPAR.** The Inspection Commission should be restructured and made independent of the iCPAR Governing Council by the inclusion of ex-officio⁶³ members from outside professional practice and it should not report the findings of the AQA to the General Council. This will make the Commission not only independent, but be seen to be so by the stakeholders and its protection of the public interest will be enhanced. Establishment of an independent oversight body (outside iCPAR and independent of the accountancy profession) to oversee the accountancy profession

⁶³For example from regulatory section of NBR, Capital Markets, Rwanda Stock Exchange, other Regulators, Academia, etc.

should be kept under constant review as a long-term option to regulating the profession as the economy of Rwanda grows and the profession matures. In this regard, iCPAR should approach other independent regulators from the Region (i.e. South Africa, Mauritius, Botswana, Egypt, etc.) and explore potential twinning arrangements to learn more about the road, challenges and benefits of establishing an independent oversight body.

116. The legal status of practicing firms in Rwanda requires revision. Firms should operate as partnerships and be deregistered as limited liability companies which is their current legal status. Additionally, professional indemnity insurance should be made compulsory and one of the conditions for being registered as a practicing firm.

117. The profile and attractiveness of the profession needs to be promoted to ensure greater numbers and better quality entrants in accounting education.

- (i) iCPAR should market the profession effectively by visiting universities and schools. These outreach campaigns should introduce to students the world of accountancy and the various options it offers. This can be done jointly with practicing firms.
- (ii) Curriculum and teaching in accounting and auditing programs of universities and colleges should be improved. Collaboration between iCPAR, universities and other tertiary institutions, and the HEC should be improved. To secure high quality entrants to the profession, a large scale train-the-trainers program is required to enhance the capacity of higher educational institutions and universities, to deliver up to date course material and thus narrow the gap between university graduates and requirements of employers including firms training students studying for the iCPAR professional qualification.
- (iii) The iCPAR should consider making compulsory, monitored practical training part of its qualification requirements to enhance the quality of trained professionals joining the market.

118. Numbers of accounting technicians need to be increased to meet the needs of both the private and public sectors in Rwanda. The technicians should be trained at tertiary training institutions using the iCPAR technician curriculum, which is already in place.

119. Training facilitated by iCPAR should be tailored to the needs of Rwanda including: (a) CPD focusing on IFAC and IASB products that benefit SMEs and SMPs. The IFAC SMP Committee has published a number of such products and the IASB published the IFRS for SMEs and its Guide for Micro-entities Applying IFRS for SMES (2009); (b) Train the trainer courses given by international standard setters and facilitated by iCPAR; and (c) Introducing longer term training in IPSAS, IFRS, IFRS for SMEs, ISA and IPSAS, leading to certification at diploma or certificate stages offered by some large reputable professional accountancy bodies, also facilitated by iCPAR.

120. iCPAR should introduce public sector subjects in the professional accountancy education and training curriculum. This is an aspect considered critical in order to develop the required skills to serve the public sector. Public sector subjects should include IPSAS, public sector financial management and regulatory frameworks.

121. Introduce examinations in variant papers as a condition for professionals with foreign qualifications to practice in Rwanda. This will ensure all practitioners providing professional services to the public have adequate knowledge of Rwanda tax and company law.

Further Strengthen the Statutory Framework

122. **The Companies Act should be amended.** This should include;

- Define in the Companies Act Small Private Company and Financial Summary, currently not defined.
- The Companies Act should also introduce the concepts of, and define PIE and SME and define them. Entities lower than SMEs will fall under the category of Micro-sized Entities.
- The definitions of Small Private Company and Micro-sized Entities should be aligned to avoid too many company categories.
- The definitions of PIE and SME should cover both qualitative and quantitative parameters,⁶⁴ and be broad enough to avoid frequent changes.

123. **The Law establishing iCPAR or its regulations should be reworded** to directly adopt international standards and the IESBA code of ethics without amendment instead of the current wording which requires practices to be consistent with international standards and the code. With the current requirement, iCPAR will need to constantly monitor and ensure no standards gaps develop between actual practices and internal standards and code.

124. **In the medium to long term period, review the current three year auditor rotation period.** The rotation requirement should be restricted to PIE audits and the rotation cycle revised to a period that balances the need to manage audit costs and the need for audit continuity on the one hand with the need to manage possible threats to audit quality arising out of over familiarity with the client

125. **Enforce the statutory financial reporting framework for PIEs, SMEs and micro-sized entities after these entities have been defined.** This should include the proactive monitoring and review of the quality of financial statements of SOEs and PIEs that are not regulated. The financial reporting framework required to be adopted by each SOE should be aligned to the nature of its operations, e.g. GBEs would use IFRS, while regulators and non-profit making government entities would use IPSAS. A specimen framework is shown below. If adopted, this would result in a differential financial reporting regime that requires entities to report according to a framework commensurate with the entity’s size, public interest responsibilities, and other circumstances.

Table 7. Recommended Reporting Framework for Private and Public Sectors Entities Differentiated by Size and Level of Public Interest

Private Sector		Public Sector	
Entity	Accounting/Auditing Framework	Entity	Accounting/Auditing Framework

⁶⁴Qualitative: Should include all entities regulated by other regulators and entities where the Government has control. Quantitative: These should be set after wide stakeholder consultation (including Government) and may include thresholds on turnover, assets, borrowings, and/or number of employees.

PIEs, including large private companies that meet the definition of a PIE	Report in compliance with IFRS Mandatory audit in compliance with ISAs	(GBEs) Regulators/non-profit making entities	Report in compliance with IFRS Mandatory audit in compliance with ISAs Report in Compliance with IPSAS
Small and medium-sized entities	Report using IFRS for SMEs Mandatory audit in compliance with ISAs (use <i>IFAC Guide to Use of ISA in the Audit of SMEs</i>)	State-owned enterprises that qualify to use IPSAS, and Central and Local Government	IPSAS Mandatory audit in compliance with ISAs or Supreme Audit Institution (SAI) standards.
Micro-entities	Report using “ <i>A Guide for Micro-sized Entities Applying IFRS for SMEs (2009)</i> ”.		

Strengthen the Capacity of Regulatory Bodies: Monitoring, Supervision and Oversight for Improved Compliance with Financial Reporting Requirements

126. All key regulators should be further strengthened to improve their capacity to identify compliance gaps and enforce corrective actions for non-compliance with financial reporting requirements. They should strengthen internal capacity to check audited financial statements for compliance with applicable financial reporting standards, laws and regulations, in addition to their specific sector requirements, and engage professionals or people with skills in financial reporting and auditing. Effective and efficient monitoring and enforcement require close cooperation and communication between the regulatory bodies, preferably through MoUs. This is more so given the shortage of qualified accountants in Rwanda to be employed by the regulatory bodies. Once the AQA is established at iCPAR it should be staffed appropriately to enable it to perform checks of compliance with appropriate financial reporting standards by companies regulated by other regulators where the sector regulator has failed to build internal capacity. This should be done through MoUs. The most emerging issues which should be immediately addressed are:

- (a) The AQA unit at iCPAR should be established urgently and amendments should be made to related laws empowering the AQA unit of iCPAR to collect audited financial statements of large unregulated private companies which are public interest entities for review.

- (b) The NBR should further strengthen its capacity to monitor the compliance with IFRS and reporting under Banking Law.
- (c) The capacity of the RSE should be further improved.
- (d) Monitoring of SOEs should be strengthened to enable them to comply with the applicable financial reporting requirements. Their audited financial statements should be subjected to reviews by the AQA unit once it is established to ensure compliance with applicable financial reporting requirements.
- (e) The RRA and OAG should further strengthen their technical capacities by increasing the numbers of qualified accountants they employ and mechanisms put in place for them to be able to retain qualified staff (for example paying a professional retention allowance to qualified professionals).
- (f) iCPAR and PSF should strengthen their relationship in order to improve financial reporting by SMEs and micro-entities which are members of PSF.

ANNEX 1 – SPREAD OF ICPAR’S SECRETARIAL STAFF

No	Position	Key Tasks	Staff Name	Priority
1	Chief Executive Officer (CEO) SG	The Chief Executive Officer's primary responsibility is to coordinate and manage the day-to-day affairs of the institute	Munga John Bosco	IMMEDIATE
		Strategic Leadership		
		Formulate and recommend goals, strategies and objectives to the GC that ensure the institute meets its objectives as set out in Law N° 11/2008 of 6 May 2008 as well as IFAC SMOs		
		Financial Leadership		
		Ensure financial sustainability of the institute through resource mobilisation and efficient allocation and use of funds		
		Develop and execute the Institute's long and short term budgets for approval by the GC		
		Review and report regularly to the GC on the overall progress and results against operating and financial objectives and initiate courses of action for improvement		
		Human Resource & Administrative Leadership		
		Develop and maintain a sound, effective organizational structure		
		Ensure that all members of staff have their responsibilities and authorities clearly established;		
		To commit to continuous staff training, development and succession planning		
To act as the Rapporteur/Secretary of the Governing Council (GC) and its Committees; to record the minutes of the Annual/Special General Meetings and all Governing Council meetings.				
Public Leadership				
Ensure that effective communications and appropriate relationships are maintained with the members of the institute and other stakeholders				
Compliance Leader				
Ensure that all operations and activities of the institute are conducted in accordance with laws, regulations of the institute and sound business practices and other policies and practices approved by the GC				
Establish effective control and coordination mechanism for all operations and activities and take reasonable steps to ensure the integrity of the internal control and management information systems				
2	Director - Education Developmen	1. To manage the recruitment and services offered by examiners and moderators to ensure that the examinations setting process is properly conducted.	VACANT	IMMEDIATE

No	Position	Key Tasks	Staff Name	Priority
	Director – Professional Services (EDS)	2. To support and work with the Committees and Commissions of Council, including the Curriculum, Professional Education and Examinations Commission. 3. To coordinate the process of designing and reviewing the examinations' syllabuses and production of training materials. 4. To build and manage relationships with the Institute's stakeholders. 5. To promote the Institute's Professional and Technical Qualifications. 6. To prepare Departmental Plans. 7. To supervise line staff. 8. To carry out any other duties as may be assigned.		
3	Chief Examiner and Curriculum Development Officer (CE-CDO)	1. To administer examinations (i.e. sitting venues arrangements, marking arrangements and communication to students). 2. To manage the production of training materials. 3. To liaise with the Department in charge of Communication and ICT to establish and enhance a webpage on examinations issues. 4. To procure the Professional/Technical Services of Examiners, Moderators, Markers and Invigilators. Closely supervise them to ensure timely execution of their respective services. 5. To ensure accuracy in students' records and database information. 6. To supervise line staff. 7. To carry out any other duties as may be assigned.	Georgie Iradukunda	IMMEDIATE
4	Officer - Student Outreach and Enrollment	1. Organize meeting with students at their campus for talks on ICPAR qualification. 2. Handle the registration of students for ICPAR qualification. 3. Handling all correspondences with students including enquiries claims etc. 4. Manage students webpage on ICPAR website 5. Manage iCPAR Social Networking with students.	Chantal Umutesi	IMMEDIATE,
5	Examiner – CAT Pathway (ECAT)	1. To deal with ALL matters related to CAT candidates. 2. Liaise with examiners for CAT.		
6	Examiner – CPA Pathway (ECPA)	1. To deal with ALL matters related to CPA candidates. 2. Liaise with Examiners for CPA		
7	Examiner – Other Pathways (EOTHER)	1. To deal with ALL matters related to any other Professional Discipline candidates e.g. CPS, IPSAs Diploma		
8	Principal Officer – Practical Experience Management	1. Liaise to secure Internship/Mentorship for fresh CPA graduates 2. Monitor/supervise practical experience for the Internees 3. Record/ document practical experience	VACANT	IMMEDIATE
9	Director, Professional	1. Research and respond to technical enquiries on financial reporting from Members and the public.	VACANT	IMMEDIATE

No	Position	Key Tasks	Staff Name	Priority
	Development Services (PDS)	2. Carry out research and respond to Exposure Drafts and Discussion Papers issued by the Standards Setting Boards on a timely basis 3. Support the Technical Commissions/Committees responsible for development and implementation of professional standards. 4. Publish Educational Journal Articles on the Accountancy Professional 5. To manage the Institute's Audit Quality Assurance and Monitoring programmes. 6. To supervise line staff. 7. To carry out any other duties as may be assigned.		
10	Manager – Ethics, Discipline, Practice Monitoring and Quality Assurance	1. Ensure adherence to IFAC code of ethics 2. Manage disciplinary procedure of the Institute 3. Ensure compliance to the disciplinary process 4. Manage AQA process. 5. To supervise line staff. 6. To carry out any other duties as may be assigned.	VACANT	IMMEDIATE
11	Manager – Members Services and Growth	1. To carry out research as a way of ascertaining public opinion, and understanding public attitudes towards the Institute, profession and members. 2. To manage value added services to our members e.g. negotiating for subsidized Insurance, Medical, Hotel, SACCO & other benefits to members. 3. Develop strategies for member's retention and growth. 4. To supervise line staff. 5. To carry out any other duties as may be assigned.	Jean Claude Mucyo	IMMEDIATE
12	Director, Strategy and Institutional Sustainability Services (SIS)	1. Develop long-term Institute's financial independence. 2. Develop plans for revenue diversification. 3. To oversee the investment of the Institute's funds. 4. To supervise line staff. 5. To carry out any other duties as may be assigned.	VACANT	IMMEDIATE
13	Manager – Finance, Strategy and Growth	1. To implement Financial and Management Information Procedures. 2. To provide administrative services to the Committees of Council. 3. To prepare Budgets and other Plans. 4. To oversee the preparation of Financial Reports and Statements 5. To monitor and analyse Financial Information of the Institute. 6. To oversee the procurement of Goods and Services. 7. To ensure that each department is adequately resourced. 8. To prepare Departmental Plans. 9. To supervise line staff.	Francis Kweli	IMMEDIATE

No	Position	Key Tasks	Staff Name	Priority
		10. To carry out any other duties as may be assigned.		
14	Manager – Corporate Affairs	<p>1. Lead and direct the work of cross-cutting activities as agreed with the Chief Executive, and to provide support and guidance to those leading these activities.</p> <p>2. Ensure the efficient and effective management of resources to achieve corporate and service priorities within agreed timelines & resources.</p> <p>3. Ensure that the Council’s Performance Management Framework is used to recognize good performance and to tackle under performance.</p> <p>4. Take overall responsibility for evaluating, reviewing and reporting on the performance, ensuring that they meet clearly defined objectives and performance targets.</p> <p>5. Determine the structures, roles and processes required to deliver services in line with Institute priorities and ensure that appropriately skilled and motivated resources are deployed so that the Institutes objectives are met.</p> <p>Lead and support change, and promote and embed a culture of learning and innovation, responding to the needs of service users and customers, in order to drive continuous improvement in service delivery.</p> <p>6. Promote and embed a culture of commercial awareness, ensuring that services develop the acumen to identify and develop income generating opportunities.</p> <p>7. Manage relationships with external partners and agencies to enhance the Council’s performance, reputation and image.</p> <p>8. Represent the Council on formal occasions, undertaking as necessary reasonable civic duties.</p> <p>9. Be accountable for ensuring equality of opportunity in service provision and employment practices.</p> <p>10. Oversee the preparation and delivery of the Corporate Plan and Medium-Term Financial Strategy, ensuring that they are aligned with other key plans and strategies of the Council.</p> <p>11. Ensure that resource management and financial planning are at the heart of strategic decision making so that resources are aligned to priorities and supports the long-term financial sustainability of the Council.</p> <p>12. Ensure that effective arrangements exist to promote good internal and external communications, strong media relations, as well as maximizing marketing opportunities to promote the Council and take up of its services.</p>	VACANT	IMMEDIATE
15	Officer – ICT and Mission Critical Systems	<p>1. Develop and implement the Corporate ICT strategy for iCPAR.</p> <p>2. Develop and manage the integrated database of iCPAR and ensure it is serving the different departments as well as the public.</p> <p>3. Enhance, optimize, manage, and update the website to reliably meet the digital needs of iCPAR in a) Serving members; b) Serving iCPAR Students; c) Serving the public and Stakeholders/Partners.</p> <p>4. Use Information and Communication Technology (ICT) tools and innovations to support delivery of digital solutions and enhance: a) Internal processes at iCPAR (e.g. procurement); b) Revenue generation; c) Learning and growth of staff; d) Customer care.</p> <p>5. Manage Intranet as well as Extranet of the Institute and propose and implement improvements whenever possible to enhance internal and external communication.</p>	Olivier Nshizirungu	IMMEDIATE

No	Position	Key Tasks	Staff Name	Priority
		<p>6. Ensure that ICT & Customer Support and Organizational Development & Improvement resources are aligned and deployed to effectively support both the transformation agenda and business as usual.</p> <p>7. Support delivery of iCPAR Continuous Professional Development (CPD) program and other departments that directly serve iCPAR clients.</p> <p>8. To carry out any other duties as may be assigned.</p>		
16	Officer – Brand Management and Public Relations (PR)	<p>1. Monitor, measure and manage Brand equity/strength</p> <p>2. Increase Brand awareness, relevant differentiation, value, accessibility and emotional connection</p> <p>3. Develop Brand plan</p> <p>4. Monitor progress against Brand plan</p> <p>5. Be responsible for results against Brand plan</p> <p>6. Drive Brand understanding and support throughout the organization</p> <p>7. Champion/drive initiatives that support delivery of the Brand promise</p> <p>8. To develop and implement PR programmes and strategies for the Institute.</p> <p>9. Ensure the effective implementation and compliance with requirements and policy, including timely and accurate advice to Members, the Council and its Committees and Corporate Management.</p> <p>10. Develop and maintain effective working relationships with Elected Members.</p> <p>11. Ensure that a range of customer access channels are available to provide efficient, effective and responsive customer services.</p> <p>12. To develop and produce publications such as the iCPAR Magazine and promotional materials.</p> <p>13. To write and edit speeches and press releases.</p> <p>14. To develop good working relationships with the media.</p> <p>15. To enhance and maintain the image and reputation of the Institute.</p> <p>16. To establish relations with policy makers and stakeholders.</p> <p>17. To prepare information for the Institute’s website.</p> <p>18. To assist in the management of events / functions</p>	Georgette Giramahoro	IMMEDIATE
17	Officer – Monitoring and Evaluation (M&E)	<p>1. Carry out AQA field work</p> <p>2. Correspondence to members on AQA findings</p> <p>3. Making follow ups on member firms recommendations adherence.</p>	VACANT	