

## **BACKGROUND NOTE ON ACTION PLANS**

SMO Action Plans are developed by IFAC Members and Associates to demonstrate fulfillment of IFAC Statements of Membership Obligations (SMOs). SMOs require IFAC Members and Associates to support the adoption<sup>1</sup> and implementation<sup>2</sup> of international standards and other pronouncements issued by independent standard-setting boards under the auspices of IFAC as well as by the International Accounting Standards Board (IASB); and to establish a Quality Assurance (QA) review and Investigation and Disciplinary (I&D) systems.

IFAC Members and Associates conduct a self-assessment against the requirements of SMOs and identify areas where improvements are needed. Based on the results of the assessment, Members and Associates develop an SMO Action Plan to (a) demonstrate how they fulfill the requirements of the SMOs and (b) where some requirements are not yet addressed, to present plans towards their fulfillment.

SMO Action Plans are designed to be ever-green documents that provide a comprehensive description of the accountancy profession and its legislative and regulatory environment in the jurisdiction as well as the actions undertaken by IFAC Members or Associates to support adoption and implementation of international standards and best practices.

Regular updates of the SMO Action Plans are required as part of the IFAC Member Compliance Program.

### **Use of Information**

Please refer to the Disclaimer published on the IFAC Member Compliance Program website.

### **ACTION PLAN**

<b>IFAC Member:</b>	Institute of Certified Public Accountants of Rwanda (ICPAR)
<b>Approved By:</b>	ICPAR Governing Council
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<sup>1</sup> *Adoption* is concerned with the decision that international standards are appropriate for use in specific national financial reporting environments and with the actions necessary to effect those decisions, including incorporation into national requirements or requiring the use of international standards through law. Adoption may include a process to review draft international standards, translation, public exposure of proposed standards, approval, incorporation into national requirements as necessary, and promulgation of final standards, and, where applicable, a convergence process to eliminate or minimize differences between international and national standards.

<sup>2</sup> *Implementation* may include a process to build awareness of the adopted standards, provide relevant education and training, develop or disseminate implementation guidance and any other activities that promote proper understanding and use of the standards in practice.

## GLOSSARY

<b>AQA</b>	Audit Quality Assurance
<b>AQR</b>	Audit Quality Review
<b>CPD</b>	Continuous Professional Development
<b>EDS</b>	<b>Education Development Services</b>
<b>IAASB</b>	International Auditing and Assurance Standards Board
<b>IC</b>	Inspection Commission of ICPAR
<b>ICPAR</b>	Institute of Certified Public Accountants of Rwanda
<b>I&amp;D</b>	Investigation and Discipline
<b>IESs</b>	International Accounting Education Standards
<b>IFAC</b>	International Federation of Accountants
<b>IFRS</b>	International Financial Reporting Standards
<b>iFUSE</b>	Investment Facility for UK Specialist Expertise
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>ISQC 1</b>	International Standard on Quality Control 1
<b>OAG</b>	Office of the Auditor General
<b>PAO</b>	Professional Accountancy Organization
<b>PAOCB</b>	Professional Accountancy Organization Capacity Building
<b>PDS</b>	<b>Professional Development Services</b>
<b>PFM</b>	Public Financial Management
<b>ROSC</b>	World Bank Report on Observance of Standards and Codes in Accounting and Auditing
<b>SIS</b>	<b>Strategy and Institutional Sustainability</b>
<b>SMP&amp;E</b>	Small and Medium Practices and Enterprises
<b>SMO</b>	IFAC Statement of Member Obligations
<b>SG</b>	Secretary General
<b>BNR</b>	National Bank of Rwanda (Central Bank of Rwanda)
<b>CMA</b>	Capital Markets Authority Rwanda
<b>RRA</b>	Rwanda Revenue Authority

ICPAR has dedicated the last two years to Capacity Building driven by institutional strengthening to enable it realize stability and sustainability necessary for successful fulfillment of its legal and regulatory mandate. The institutional strengthening embodied various initiatives including development of a new strategic plan to provide a clear roadmap for the success journey of the Institute. Some of the evident strategic outputs include the recruitment of a new CEO and three highly qualified Directors; and most recently Managers, to help in fast tracking progress thereby narrowing the otherwise widening expectations gap of key stakeholders. Great impetus was realized on these milestones with support from the IFAC PAOCB Program. As a result, the PAO is significantly visible in Rwanda and is on the road to achieving sustainable success backed by growing (solid) stakeholder trust and support.

ICPAR has stepped up cooperation with its regional peers as part of the multipronged capacity building initiative by picking lessons and accessing support as may be applicable. Regular communication and study visits have been conducted for staff and committees in the East Africa region and beyond; more are planned in coming days to avoid “re-invention of the wheel” where applicable.

The institutional strengthening program has had a major impact on progress in implementing the SMO policy actions. The milestones realized on SMO compliance are detailed in the subsequent pages of this document.

Background						
#	Start Date	Actions	Completion Date	Responsibility	Resource	Progress Status
1.	December 2010	Draft Action plans developed consistent with International Federation of Accountants (IFAC) Statement of Member Obligations (SMO).	January 2011	Secretary General (SG CEO)	Staff	Done. Actions updated regularly to reflect new activities as well as progress realized.
2.	February 2011	Policy action plans are reviewed by a recognized Professional Accountancy Organization (PAO) that is a member of IFAC.	February 2011	SG CEO	Staff	Done. Actions plans were reviewed by ICPAK- Kenya ahead of ICPAR's application for IFAC Associate status.

Background						
#	Start Date	Actions	Completion Date	Responsibility	Resource	Progress Status
3.	March 2011	Implementation of Action Plan commences through establishment of mechanisms for their realization e.g. establishing statutory committees; Running of Continuing Professional Development (CPDs) program, linking strategic actions to performance objectives, among others.	Six monthly review of implementation progress.	SG CEO	Staff and Committees	Done. Staff implementing SMOs are shown in subsequent sections.
4.	November 2011	In consultation with a recognized Professional Accountancy Organization (PAO) that is a member of IFAC, review and revise ICPAR Action Plan as may be appropriate.	December 2011	SG CEO (with help from Institute of Certified Public Accountants of Kenya, ICPAK)	Staff	Done
5.	December 2011	Apply for IFAC Membership- Associate.	December 2011	SG CEO	Staff	Done. Admitted as an IFAC Associate in November 2012.
6	January 2012	Continuation of actions to maintain progress on implementation of IFAC SMO policy Actions.	Ongoing	Governing Council and Secretariat	Staff	Periodic updates submitted to IFAC on SMO compliance

## **ICPAR Brief History / Background Information**

The World Bank Report on Observance of Standards and Codes –Accounting and Auditing (ROSC –AA report) arising from a study conducted in Rwanda in 2008 highlighted various gaps in the Accounting profession in Rwanda. The ROSC review focused on the strengths and weaknesses of the accounting and auditing environment that influence the quality of corporate financial reporting and included a review of both mandatory requirements and actual practice.

The gaps identified were a reflection of challenges such as inadequate understanding of International Standards on Auditing (ISAs) and International Financial Reporting Standards (IFRS) by accountants, inadequate or lack of technical capacities of the regulators, absence of implementation guidance, lack of independent oversight of the auditing profession, and shortcomings in professional education and training. The law establishing ICPAR (Law No. 11/2008 of 06/05/2008) became effective on August 1, 2008. ICPAR has a Governing Council and Committees in place and in November 2010 recruited a full time Chief Executive to establish a Secretariat. The Annual General Meeting in its sitting in March 2014 agreed that the position should hence forth be referred to as Secretary General as per the law.

A second ROSC A&A, a follow up to the 2008 report, was conducted by the World Bank in 2015. Its objective was 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. The 2008 ROSC 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. 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.

The ICPAR Secretariat and Governing Council have been addressing the challenges highlighted in the 2008 & 2015 ROSC report by establishing relevant mechanisms to comply with IFAC Statement of Member Obligations (SMOs) and taking other relevant actions necessary for realization of effective regulation of the accountancy profession in Rwanda. ICPAR will to the greatest extent, implement actions where it has full/direct responsibility, undertake partial responsibility for shared actions and use best endeavors to influence and encourage action where the responsibility falls with another body/organization.

## **IFAC PAO Capacity Building Program – PAOCB**

The International Federation of Accountants (IFAC) and the Department for International Development (DFID), which leads the United Kingdom's work to end extreme poverty, entered into an agreement to develop the accountancy profession in emerging economies. Under the agreement, DFID has provided funding to IFAC to be used to strengthen the Professional Accountancy Organisations (PAOs) in at least 10 DFID focal countries with capacity building needs that, based on relevant information, are ready to benefit from assistance. The PAO Capacity Building

Program (PAOCB), managed by IFAC, will enhance PAOs' managerial, financial, and technical capacity so they can drive sustainable improvements in professional and ethical standards. The PAOCB program has enabled ICPAR to enhance its capacity to more effectively comply with IFAC SMOs. The key milestones in the PAOCB program include the following: Development of a new strategic plan; Recruitment of a Chief Executive Officer and Directors, Enhancement of ICT systems; Development of a new Accounting Technician Syllabus, among others.

### **IFAC SMO Actions**

Below we present the IFAC SMO Action plan detailing the ongoing initiatives to ensure compliance with those SMOs and address the weaknesses highlighted by the ROSC reports (2008 & 2016). For each SMO we have provided a background before detailing the specific actions.

<b>Action Plan Subject:</b>	SMO 1–Quality Assurance
<b>Action Plan Objective:</b>	Ensure Compliance with IFAC SMO 1.
<b>SMO Applicability:</b>	Shared responsibility (PAO has Direct Responsibility aspects while some aspects related to government audits are overseen by the Office of the Auditor General (OAG). The PAO has a direct responsibility in regard to practitioners in private and public sectors with the exception to the government institutions audits that are overseen by the OAG.)

### **Background:**

The ICPAR AQA platform is taking a new shape with renewed focus on its strengthening. The PAO is engaging with external experts to support the initiative to strengthen the role of the PAO in AQA thereby assuring that the Audit Firms are strong enough to deliver high quality engagements thereby meeting the market and regulatory needs.

ICPAR has the responsibility for establishing a quality assurance (QA) review system for auditors in Rwanda in accordance with ICPAR Law No. 11/2008 and SMO1. The Institute now has an AQA review system in place with help from external consultants and recently finalized the Quality and Development Manager recruitment, who is responsible for AQA among other duties and reporting to the Director for Professional Development Services. The Audit Quality Assurance (AQA) framework will ensure compliance is realized at the engagement level, firm level and PAO level. To get started, the Institute has previously received funding from the Government of Rwanda and Development Partners to establish AQA framework and conduct the initial AQA reviews. Technical support was provided by iFUSE Fund subsequently leading to assistance by ACCA AQA experts.

As a follow-up on the policy recommendations made by the World Bank 2008 ROSC, ACCA through iFUSE Fund was contracted to establish ICPAR's Audit Quality Assurance function. The AQR programme commenced in September 2015 and is compliant with the revised SMO 1 requirements. Under the contract, ACCA conducted mandatory AQR on all audit firms in Rwanda by providing an initial assessment of the quality of audit work in each audit firm which formed the basis for improvements to be effected by each audit firm in future. ACCA conducted reviews for the period August 2015 – April 2016.

This first review cycle took the form of a pilot phase and was aligned to the recommendations of the World Bank ROSC report for Rwanda. Relevant materials were developed to guide practitioners on provisions of International Standards on Auditing (ISAs) and International Standard on Quality Control (ISQC 1) has been adopted. Support is being sought from organizations that have already developed such tools within the region and beyond. Continued monitoring for compliance is planned in the year 2020 and this will be accomplished by a Quality and Development Manager under the supervision of the Director of Profession Development Services.

Education and training on the international standards on auditing (ISAs) and AQA have been conducted (and are continuing) for members in public practice to enable them to enhance their knowledge and competencies.

After the AQA that was conducted by the ACCA consultant in the year 2016, the institute plans to conduct another AQA next year 2020, basing on

the feedback reports for 2018 received from the firms; upon their PC and Firm application renewals for 2019. The AQA activity shall be conducted by an expert who will be expected to transfer knowledge to the newly recruited Quality and Development Manager who will be responsible for future reviews and improvements guidance. The institute is planning to engage its Practitioners more in a bid to ensure that they understand the objectives of Quality Control and how they can effectively maintain and implement appropriate systems of Quality Controls through enhanced awareness campaigns; Provision of guidelines for a Comprehensive Continuing Professional Development Program specifically directed towards implementing Quality Control Policies and Procedures.

#	Start Date	Actions	Completion Date	Responsibility	Resources
<i>Establishing the Audit Quality Assurance (AQA) Review System</i>					
1.	November 2017	<b>Undertake the Initial Quality Review</b> Have a mandatory quality assurance review system in place for firms performing audits of financial statements. The PAO has assisted firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control by providing regular training and communications on SMO 1 obligations and corresponding standards.	Continuous	Professional Standards Department/ CEO	ICPAR Staff
2.	January 2018	Comply with IFAC standard setting boards pronouncements related to SMO1. The PAO adopts AQA pronouncements and standards issued by IFAC standards setters without modification.	Continuous	Professional Standards Department/ CEO	ICPAR staff and Budget
3.	May 2018	Employ an appropriate approach for prioritizing firms to be reviewed. The PAO uses a cycle-based, risk-based, or a mixed approach for selecting firms for QA reviews. Cycle-based approach adopted.	Half Yearly Milestones assessment	Professional Standards Department / Inspection Commission	Minecofin/ Basket Fund
4.	November 2018	Enhance PAO capacity to review firms. Assessment and documentation of the independence of the QA Team is planned. Quality and Development manager has been recruited who will be responsible for ICPAR's effective Quality	November 2018	Professional Standards Department/ CEO	Basket Fund/ PAOCB Program



#	Start Date	Actions	Completion Date	Responsibility	Resources
5.	September 2018	Assurance Reviews, whilst ensuring that it complies with SMO1 requirements among other duties.  Strengthening of Firms systems. Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report. They are also required to comply with ISQC1 provisions. Monitoring already started to ensure that recommendations from the AQA feedback report have been implemented.	June 2019	Professional Standards Department/ CEO	Basket Fund/ PAOCB Program
6.	February 2018	a) Carry out continuous (CPD) training on AQA. The PAO has sufficient provision for trainings on AQA targeting the PAO staff and the Audit firms to ensure compliance is realized at the three levels- PAO, Firm and Engagement levels	Continuous		
7.	August 2015	b) Conduct Quality Reviews of the Audit Firms in Rwanda with support from ACCA under the IFUSE funding	April 2016	Registration and Compliance Department/ Inspection Commission	iFUSE Funding
	October 2016	c) Arising from these reviews, Prepare annual summary report for publication in the Institute Journal and or other appropriate publications.  ACCA undertook AQA.			
8.	March 2016	Establish and publish quality control standards and guidance requiring firms to implement a system of quality control in accordance with ISQC 1.  ICPAR worked with the ACCA and ACCA Quality control manuals tailored to ICPAR. ICPAR is strengthening its AQA team to realise value from these outputs.	Continu ous	Registration & Compliance Department/ Inspection Commission	Staff/ Internal and Donor Funding
<i>Maintaining Ongoing Processes</i>					

#	Start Date	Actions	Completion Date	Responsibility	Resources
9.	June 2016	ICPAR recruited a Professional Development Services Director in 2017. A quality and Development manager were also recruited in the fourth quarter of 2018.	December 2018	Registration & Compliance Department/ Inspection Commission	Staff
<i>Review of ICPAR's Compliance Information</i>					
10.	January 2017	Perform periodic review of ICPAR's response to the IFAC Compliance Program and update sections relevant to SMO 1 as necessary.	As per the IFAC review Cycle/ Ongoing	Professional Standards Department/ CEO	Staff

#### Appendix – Main Requirements of SMO 1

Requirements	Y	N	Partially	Comments
<b>Scope of the system</b> 1. At a minimum, mandatory QA reviews are required for all audits of financial statements.	Y			This is planned in the 1 <sup>st</sup> Quarter of 2020.
<b>Quality Control Standards and Other Quality Control Guidance</b> 2. Firms are required to implement a system of quality control in accordance with the quality control standards.	Y			Members are aware of this as communicated by the PAO through CPD events and other communication platforms.
3. Most up to date versions of ISQC 1 and other relevant ISA are adopted as the quality control standards.	Y			As indicated earlier all pronouncements are adopted by ICPAR without modification.

Requirements	Y	N	Partially	Comments
4. Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.	Y			Through CPD events and other various communications platforms such as the ICPAR Journal; members firms are facilitated to understand the objectives of quality control and going forward, efforts are geared towards ensuring that appropriate systems of quality control are enhanced.
<b>Review cycle</b> 5. A cycle-based, risk-based, or a mixed approach for selecting firms for QA review, is used.	Y			A Risk based approach was adopted. Another AQA is planned for in 2019.
6. For cycle-based approach, quality control reviews are required to take place at least every six years (and every three years for audits of public interest entities).	Y			This is a Shared responsibility mainly for reviews of PIE's, nevertheless, awareness campaigns are ongoing for the need to carry out Quality control reviews.
<b>QA Review Team</b> 7. Independence of the QA Team is assessed and documented.	Y			This is planned going forward when an internal team starts being utilized; however, the Institute is currently using Independent Quality Control Reviewers along with the quality and development team for knowledge transfer purposes.
8. QA Team possesses appropriate levels of expertise.	Y			Previously an experienced and Independent Team was used, for 2020 AQR, an independent experienced consultant shall be used, and it is envisaged that knowledge will be transferred to the local in-house team.
<b>Reporting</b> 9. Documentation of evidence supporting the quality control review report is required.	Y			Submitted and in order.
10. A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed.	Y			Reports from AQA were issued to the reviewed firms/partners.

Requirements	Y	N	Partially	Comments
<b>Corrective and disciplinary actions</b> 11. Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.	Y			Progress is monitored from the submitted action plan reports.
12. QA review system is linked to the Investigation and Discipline system.	Y			Public expectations and trust in the PAO is growing at a phenomenal rate. The institute is receiving more complaints for disciplinary action related to QA in Firms and the related engagement commitments. The linkage is being strengthened.
<b>Consideration of Public Oversight</b> 13. The body responsible for QA reviews cooperates with its oversight body and shares information on the functioning of the QA review system, as needed.		N		Rwanda does not have this arrangement. The PAO is directly responsible for this SMO and no other body overrides its (PAO's) mandate.
<b>Regular review of implementation and effectiveness</b> 14. Regular reviews of implementation and effectiveness of the system are performed.	Y			Ongoing implementation plan, with continuous SMO progress monitoring, review and documentation with the use of an in-house team.

<b>Action Plan Subject:</b>	SMO 2–International Education Standards for Professional Accountants and Other Pronouncements Issued by the IAESB
<b>Action Plan Objective:</b>	To ensure that all IES requirements are incorporated into ICPAR's education requirements
<b>SMO Applicability:</b>	Shared Responsibility (Education Institutions offering Accountancy Courses in their programs have a role)

### **Background:**

ICPAR is mandated by ICPAR Law No. 11/2008 to oversee training and education for professional Accountants. ICPAR admits members at two levels: Certified Public Accountants (Holders of Recognized Certified Public Accounting or Chartered Accountants Professional Accounting Qualification) or Certified Accounting Technicians (Holders of recognized Certified Accounting Technician Qualification). ICPAR's Syllabus complies with International Education Standards (IESs) issued by the Accounting Education Standards Board (IAESB). All members are also mandatorily required to meet the Continuing Professional Development requirements in line with IES 7, *Continuing Professional Development* and IES 8, *Competence Requirements for Audit Professionals*. The responsibility for enforcing SMO 2 requirements falls with the Education Development Services and the Professional Development Services departments.

A new "Competency based curriculum" is being developed with the first sitting conducted in the second quarter of 2019, with two pathways such PFM and Credit Management, starting with the CAT and later on CPA. The curriculum entails content from various subject areas and competences, with an appropriate mix of soft skills; professional values, ethics and attitude that may be required for any professional accountant to work effectively.

ICPAR requires compliance of its members with the practical experience framework in line with IES 5, *Practical Experience Requirements*.

A CPD Calendar is published annually with a minimum of one CPD event held each month. ICPAR Bylaws require all members to attain 20 structured CPD hours and 20 Unstructured CPD hours each year. The requirement is assessed over a three-year period. Members provide CPD records update at the end of each calendar year.

Consistent with the Law in Rwanda, for a person to be a Certified Public Accountant (Member of ICPAR), he/she should fulfill at least one of the following requirements:

1. To be a holder of the professional qualification of a certified public accountant issued by the Institute (ICPAR);
2. To 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. In compliance with IES 8, professional Competence for Engagement Partners Responsible for Audits of financial Statements - the institute organised a mandatory workshop for all Practitioners as an opportunity and support to them to ensure that they maintain competence in their Specialist areas of expertise.

#	Start Date	Actions	Completion Date	Responsibility	Resources
<i>Dealing with Information and Pronouncements from the IAESB</i>					
11.	January 2017	Notify members of ICPAR on all International Updates on IESs, International Education Practice Statements for Professional Accountants (IEPSs) and International Education Information Papers for Professional Accountants (IEIPs) issued by the IAESB.	Continuous as these arise	Education Development Services (EDS) Department.	Staff/Donor Funding
12.	January 2016	ICPAR to work with consultants in the PAOCB Program to review and strengthen the Technician syllabi.	Second quarter of 2018	IFAC PAOCB Program Consultants/ ICPAR Staff	IFAC PAOCB Experts, Staff/ Commissioners
<i>Strengthening CPD Requirement</i>					
13.	January 2016	Enhance CPD arrangements at ICPAR with support from the IFAC PAOCB program Develop, Publish and Implement a CPD Calendar for ICPAR for 2016. CPD events held covering; Tax, International Financial Reporting Standards (IFRSs), International Public-Sector Accounting Standards (IPSAS), Internal Audit & Corporate Governance, the International Standards on Auditing (ISAs) and Code of Ethics.	December 2017  Continuous/ Annually	IFAC PAOCB Program Consultants/ ICPAR Staff	IFAC PAOCB Experts, Staff
14.	January 2017	Draft and publish articles in the Institute quarterly journal and website addressing the IESs (IESs in General, IES 7 and IES 8) CPD requirements.	December 2018/ Continuous	Entire Secretariat mainly Directors and Managers	Staff
<i>Maintaining Ongoing Processes</i>					

#	Start Date	Actions	Completion Date	Responsibility	Resources
15.	January 2017	Continue to ensure that ICPAR's CPD program is operating effectively and continues to be in line with SMO 2 requirements and IES 7. This includes periodic review and updating the Action Plan for future activities as may be necessary and appropriate.	Ongoing	Entire Secretariat mainly Directors and Managers	Staff

#	Start Date	Actions	Completion Date	Responsibility	Resources
15a	Annually	ICPAR collect pre-event and post evaluation of the CPD and incorporate the findings results as an ongoing improvement process.	Per event/ Annually	Professional Development Services (PDS)	Staff

*Review of ICPAR's Compliance Information*

16.	January 2017	Perform periodic review of ICPAR's response to the IFAC Compliance Program and update sections relevant to SMO 2 as necessary. Once updated inform a recognized IFAC member(s) about the updates in order to benchmark properly.	As per the IFAC review Cycle/ Ongoing	EDS and PDS Departments/ SG	Staff
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**Action Plan Subject:** SMO 3—International Standards and other Pronouncements Issued by the IAASB  
**Action Plan Objective:** Continue to use best endeavors to maintain ongoing process to adopt and implement IAASB Pronouncements  
**SMO Applicability:** Shared responsibility with the OAG (Some aspects at firm and engagement level like compliance with the public audit rules are overseen by the Auditor general although all audit firms are primarily required to be approved by ICPAR before participating in Public Audits. ICPAR carries the substantial obligation for compliance with SMO 3.

**Background:**

Article 3 of Law number 11/2008 establishing ICPAR provides that the auditing standards in Rwanda shall be consistent with the International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB). ICPAR therefore adopts standards as issued by the IAASB without modifications and including effective dates for developing competencies for audit professionals and generally in regulating the audit professionals. ICPAR will establish a clear convergence approach that will include commenting on exposure drafts issued by the IAASB as well as organize for workshops/trainings to provide education for members.

Article 20, 247 and 254 of the companies Act makes reference to the use of the International Auditing Standards in the work of auditors. Article 3 of the ICPAR Law No. 11/2008 also requires that ISAs issued by IFAC (IAASB) be used for purpose of auditing. ICPAR has the legal responsibility for enforcing/implementing the ISAs. In light of article 7 (19) of the ICPAR Law which requires ICPAR to comply with IFAC standards, ICPAR adopts standards that are issued by IFAC standard setting Boards. ICPAR has adopted ISA's issued by IAASB without any modifications in accordance with its mandate. Revisions to the standard and any Pronouncements are communicated to all members and the institute similarly encourages input via circulated content. Continuous Professional Development programs are also developed in line with ISA's awareness and requirements.

#	Start Date	Actions	Completion Date	Responsibility	Resources
<i>Steps for Adoption and Implementation of IAASB Pronouncements</i>					
17.	January 2017	Develop and implement a CPD program incorporating the courses to educate professional auditors about auditing (ISAs) requirements. The following will be delivered: Practitioners Session on International Standard on Related Services (ISRS).4440 Series and Other Matters Affecting the Public Practice.	December 2017  Annually	Professional Development Services Department	Staff



		All ISAs in issue.			
18.	January 2017	<p>Establish a mechanism for commenting and responding to IAASB exposure drafts and other papers issued by the IAASB requiring comment. Education Development Services (EDS).</p> <p>The Professional Development Services (PDS) department has been deliberating on commentaries ahead of circulation to members for input.</p> <p>Prepare for internal use and for circulation to members an annual program of expected papers or exposure drafts as published in the IAASB annual plan.</p>	Comment as they arise.	Professional Development Services Department	Staff

#	Start Date	Actions	Completion Date	Responsibility	Resources
19.	January 2017	<p>a) Developing mechanism for researching and responding to members technical queries on ISAs and related issues.</p> <p>b) Focused work group on ISAs is to be established to support practitioners.</p>	<p>In place with support from regional peers.</p> <p>In place</p>	Professional Development Services	Staff/ Members/ Regional PAOs
<i>Maintaining Ongoing Processes</i>					
20.	January 2017	Continue to ensure that ICPAR's Compliance with SMO 3 requirements. This includes periodic review and updating the Action Plan for future activities as may be necessary and appropriate.	Ongoing	Professional Development Services	Staff

#	Start Date	Actions	Completion Date	Responsibility	Resources
<i>Review of ICPAR's Compliance Information</i>					
21.	January 2017	Perform periodic review of ICPAR's response to the IFAC Compliance program and update sections relevant to SMO 3 as necessary. Once updated inform a recognized IFAC member(s) about the updates in order to benchmark properly.	As per IFAC review Cycle/Ongoing	Professional Development Services	Staff

**Action Plan Subject:** SMO 4—IESBA Code of Ethics for Professional Accountants  
**Action Plan Objective:** Continue to use best endeavors to maintain ongoing process to adopt and implement the IESBA Code of Ethics  
**SMO Applicability:** Shared (Other Regulatory Bodies E.g. Central bank, Revenue Authority, Capital markets authority etc have ethics requirements impacting the profession and ICPAR uses best endeavors to encourage compliance with SMO 4 and other provisions such as NOCLAR)

### Background

Article 82 of Law Number 11/2008 establishing ICPAR provides that the Code of professional conduct and ethics approved by the General Assembly of the Institute shall be established through a Ministerial Order. The provisions of the Code of professional conduct and ethics are consistent with the similar Code published by the International Ethics Standards Board for Accountants (IESBA). ICPAR has therefore issued a code for professional ethics consistent with the provisions of the law as outlined above. Best endeavors are used by working with other regulators to assist ICPAR members with the implementation of the standards and to raise awareness about the consequences of non-compliance, including practical lessons on how to deal with threats to professional independence. The IESBA Code of ethics is in use following adoption by the Council and members at the AGM. Information brochures and other education materials on the code of ethics have also been shared with members. The Disciplinary commission is in place and has been carrying out the role of enforcing the code of ethics together with requirements of SMO 6 with support from the Secretariat's Professional Development Services Department. A benchmarking study visit to Kenya (ICPAK) for the disciplinary and Inspection Commissions was conducted in October 2018 to enhance the practical knowledge on Investigations and Discipline and linkage to compliance with the Code of Ethics for Professional Accountants.

Measures are being undertaken to continuously educate members on the requirements of the IESBA Code of Ethics with respect to conflicts of interest and other matters. This will be enhanced through a robust CPD program.

The Education curriculum includes deep coverage of the requirements of this SMO.

#	Start Date	Actions	Completion Date	Responsibility	Resources
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*Establishment and Effective Implementation of the Code of Ethics*

22.	January 2017	<p>To assist members with the implementation of the standards. This is primarily done through CPDs.</p> <p>Other channels for dissemination may include any one or a combination of the following:</p> <ul style="list-style-type: none"> <li>a) Members' handbooks;</li> <li>b) Technical releases;</li> <li>c) Professional journals;</li> <li>d) Reports on disciplinary hearings and activities;</li> <li>e) Programs of continuing professional development;</li> <li>f) Newsletters;</li> <li>g) Financial and business press releases etc.</li> </ul>	Ongoing	PDS/EDS	Staff & Funding from Development Partners
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#	Start Date	Actions	Completion Date	Responsibility	Resources
<i>Maintaining Ongoing Processes</i>					
23.	January 2017	Continue to ensure that ICPAR Complies with SMO4 requirements. This includes periodic review and updating the Action Plan for future activities as may be deemed necessary and appropriate.	Ongoing	Professional Development Services	Staff
<i>Review of ICPAR's Compliance Information</i>					
24.	January 2017	Perform periodic review of ICPAR's response to the IFAC Compliance Program and update sections relevant to SMO 4 as necessary. Once updated, inform a recognized IFAC member(s) about the updates in order to benchmark properly.	As per the IFAC Review Cycle/ Ongoing	Professional Development Services  SG	Staff

**Action Plan Subject:** SMO 5—International Public-Sector Accounting Standards and Other Pronouncements Issued by the IPSASB  
**Action Plan Objective:** Continue to use best endeavors to assist in the adoption and implementation of IPSASs in Rwanda  
**SMO Applicability:** Shared (The Ministry of Finance plays a key role in compliance with IPSAS by Government Entities)

### **Background:**

The East African Community (EAC) Monetary Protocol, signed on November 30, 2013, contains articles to harmonize Public Financial Management (PFM) standards, and includes a requirement for member states to adopt accrual basis IPSAS for central and local governments, non-trading state owned enterprise and regulatory bodies, and IFRSs for State Owned Enterprises. As a member of the EAC, the Rwandan Government has been producing and improving the quality of its financial statements. The Government set an objective to achieve full compliance with the IPSAS cash basis by June 30, 2016 and aims to achieve full compliance with the IPSAS accrual basis by June 30, 2023.

Article 3 of Law no 11/2008 establishing ICPAR provides that within public organs, the accounting standards shall be consistent with International Public-Sector Accounting Standards (IPSASs), while in private sector they shall be consistent with the International Financial Reporting Standards (IFRSs). ICPAR will use best endeavors in partnership with key stakeholders to support compliance and implementation of IPSASs for accounting and reporting in public sector.

ICPAR requires its members to adopt and implement standards issued by IFAC. The Governing Council working with the Accountant General has established Terms of Reference to address Public Sector accounting issues.

The Government adopted IPSAS issued by the IPSASB and has already developed an IPSAS implementation blueprint with the main goal of guiding the Government of Rwanda in the adoption and effective implementation of IPSAS across government. The institute in collaboration with MINECOFIN, have set up a public-sector accounting standards committee to guide on developments related to the issue of new standards or changes to current standards. IPSAS implementation will be carried out in phases and the expectation is that the operation of the accrual-based accounting will be fully compliant by the year 2022/2023.

The current CAT competency-based qualification is being developed with support from ACCA under the DFID funded International Federation of Accountants (IFAC) Professional Accountancy Organization (PAO) Capacity Building Program, which is envisaged to be Nationally relevant and Globally recognized; in a bid that is geared towards having a critical mass of accountants that can work in the Public sector with the required competences. To keep stakeholders abreast of the latest development under PFM Reforms, ICPAR launched a Quarterly Journal that is used to disseminate information about Public sector developments among other initiatives.

ICPAR has signed a Memorandum of Understanding with key Public-Sector Entities to provide continuous training for capacity building in public sector accounting and other subjects. Such organizations include the Ministry of Finance, The Rwanda Revenue Authority, The Capital Markets Authority and the Rwanda Local Governments Association (RALGA). These have already taken effect with numerous trainings undertaken in the areas of public sector accounting and reporting as well as leadership development.

#	Start Date	Actions	Completion Date	Responsibility	Resources
<i>Developing, Maintaining and Strengthening an Active Program for Adoption and Implementation of IPSASs in Rwanda</i>					
25.	January 2017	Notify members of all IPSASs, guidelines, studies and occasional papers developed by the International Public-Sector Accounting Standards Board (IPSASB).	As they arise/ Continuous	Professional Development Services Department	Staff
26.	January 2017	Research and comment on Exposure drafts and discussion papers issued by IPSASB as may be appropriate. Comment submitted on exposure draft on:	As they arise/ Continuous	Professional Development Services Department	Staff
27.	June 2017	Establishment of Public Finance pathways in the qualification program. CAT	2018	Education Development Services   Professional Development Services Department	Staff & Funding from Development Partners
<i>Maintaining Ongoing Processes</i>					
28.	January 2017	Continue to ensure that ICPAR's Complies with SMO 5 requirements. This includes periodic review and updating the Action Plan for future activities as may be necessary and appropriate.	Ongoing	Professional development services department / Inspection Commission	Staff
<i>Review of ICPAR's Compliance Information</i>					
29.	January 2017	Perform periodic review of ICPAR's response to the IFAC Compliance requirements and update sections relevant to SMO 5 as necessary. Once updated inform a recognized IFAC member(s) about the updates in order to benchmark properly.	As per the IFAC Review Cycle/Ongoing	Professional development services department / Inspection Commission	Staff

**Action Plan Subject:** SMO 6—Investigation and Discipline  
**Action Plan Objective:** Continue to use best endeavors to establish, sustain and strengthen ICPAR’s Investigation & Disciplinary system  
**SMO Applicability:** Shared (There have been cases where courts and other government agencies like the Ombudsman’s office have been involved in resolution of SMO 6 related matters)

<b>Background</b>					
<p>ICPAR is responsible for investigating and disciplining (I&amp;D) professional accountants against whom complaints have been raised. The Accountants Law in Article 40 provides for establishment of a disciplinary commission. To enable the disciplinary commission to execute its mandate, guidance in SMO 6 is the primary guidance in use. It involves reliance on a due process for investigating and disciplining errant members and is supported by existing institutional structures to realize a just, effective, timely, professionally driven investigations and disciplinary process. The Disciplinary commission is in place and working. The Commission has handled and concluded a few cases. The frequency of complaints is increasing,</p> <p>And this is both a demonstration of confidence in the PAO by the public as well as the need for more resources and capacity building to be undertaken for both the Inspection and Disciplinary commissions.</p> <p>Currently there is only one committee that conducts investigations as well as hears cases. The committee in turn makes recommendation(s)/communicates its decision to the Governing Council. Measures that were undertaken to enhance independence and objectivity of the current Commissions was to have an Independent Professional lawyer to advise on disciplinary cases. Study visits are also planned to other PAOs in the East Africa region and beyond to further build the capacity of the Commissions.</p> <p>The Appeals mechanism is under the Disciplinary Commission and the current disciplinary system incorporates both information-based and complaints - based approaches into the I&amp;D process which allows imposing an extensive range of penalties which include - loss of professional designation; restriction and removal of practicing rights; and exclusion from membership.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resources
<i>Establishing, Implementing, Sustaining and Strengthening the Investigation and Disciplinary (I&amp;D) System</i>					



30.	April 2017	<p>Establish policies, procedures and rules governing professional misconduct. Professional misconduct will include but not limited to,</p> <ul style="list-style-type: none"> <li>a) Criminal activity;</li> <li>b) Acts or omissions likely to bring the accountancy profession into disrepute;</li> <li>c) Breaches of professional standards;</li> <li>d) Breaches of ethical requirements;</li> <li>e) Gross professional negligence;</li> <li>f) Several less serious instances of professional negligence that, cumulatively, may indicate unfitness to exercise practicing rights; and</li> <li>g) Unsatisfactory work.</li> </ul>	Completed, however, Implementation and enhancement ongoing	Professional development services department /Disciplinary Commission/GC	Staff
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#	Start Date	Actions	Completion Date	Responsibility	Resources
31.	2016	<p>Establish and operate a just and effective investigative and disciplinary regime including establishment of a competent:</p> <ul style="list-style-type: none"> <li>a) Disciplinary Commission;</li> <li>b) Appeals mechanism.</li> </ul>	Completed/ Enhancements and strengthening ongoing	Professional Development Services / Disciplinary Commission/GC	Staff & Funding from Development Partners
32.	2016	<p>Incorporate both the information based and complaint-based approaches to investigation and disciplinary process.</p> <ul style="list-style-type: none"> <li>a) Establish a webpage for educating the public on the Investigation and Discipline due process.</li> <li>b) Develop Brochures for marketing ICPAR as well as issue a summary of the rights of the public against ICPAR members.</li> </ul>	Ongoing  Completed (Continuous improvement ongoing)	Professional Development Services / Disciplinary Commission/GC	Staff

#		Start Date	Actions	Completion Date	Responsibility	Resources
<i>Maintaining Ongoing Processes</i>						
33.		January 2017	<p>Continue to ensure that ICPAR Complies with SMO 6 requirements. This includes periodic review and updating the Action Plan for future activities as may be necessary and appropriate.</p> <p>a) Establish performance assessment framework for the I&amp;D committee and department.</p> <p>b) Conduct annual assessment of the Compliance with the performance framework and report outcomes during the Annual General Meetings.</p>	Completed	Professional Development Services / /Strategy and Institutional Sustainability /Disciplinary Commission/GC	Staff
<i>Review of ICPAR's Compliance Information</i>						
34.		January 2017	Perform periodic review of ICPAR's response to the IFAC Compliance Program and update sections relevant to SMO 6 as necessary. Once updated inform a recognized IFAC member(s) about the updates in order to benchmark appropriately.	As per IFAC review Cycle/Ongoing	Professional Development Services Department/ SG	Staff

#### Appendix –Main Requirements of SMO 6

Requirements	Y	N	Partially	Comments
<p><b>Scope of the system</b></p> <p>1. A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.</p>	Y			This is in place and functional.

Requirements	Y	N	Partially	Comments
2. Information about the types of misconduct which may bring about investigative actions is publicly available.	Y			This has been availed through the Newsletter, CPD events etc.
<b>Initiation of Proceedings</b>				
3. Both a “complaints-based” and an “information-based” approach is adopted.	Y			Both systems are in use
4. Link with the results of QA reviews has been established.			Y	The linkage is in place but implementation will follow subsequently.
<b>Investigative process</b>				
5. A committee or similar body exists for performing investigations.	Y			The Inspection Commission assumes the role however; an Independent third party is usually contracted to investigate on serious matters of professional misconduct
6. Members of a committee are independent of the subject of the investigation and other related parties.	Y			This is in place
<b>Disciplinary process</b>				
7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.	Y			
8. Members of the committee/entity include professional accountants as well as non-accountants.	Y			This is in place as the Disciplinary Committee among other members, is made up of two Independent lawyers.

Requirements	Y	N	Partially	Comments
9. The tribunal exhibits independence of the subject of the investigation and other related parties.	Y			This is in place
<b>Sanctions</b> 10. The disciplinary system allows imposing an extensive range of penalties. It is particularly important to include (a) loss of professional designation; (b) restriction and removal of practicing rights; and (c) exclusion from membership.	Y			This is in place
<b>Rights of representation and appeal</b> 11. A third appeals body exists which is separate from both the disciplinary committee and investigative committee.	Y			Individuals may appeal decision before Council makes final decision
<b>Administrative Processes</b> 12. Timeframe targets for disposal of all cases are set.	Y			This is in place and visualized in the ICPAR law and by laws.
13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.	Y			This has since been introduced.
14. Records of investigations and disciplinary processes are established.	Y			Implemented
<b>Public Interest Considerations</b> 15. Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.	Y			This is done through the Quarterly Journal and the Website

Requirements	Y	N	Partially	Comments
16. A process for the independent review of complaints on which there was no follow-up is established.	Y			All complaints are being followed up for now.
17. The results of the investigative and disciplinary proceedings are made available to the public.	Y			Results of the recently sanctioned firms were made available to the public.
<b>Liaison with Outside Bodies</b> 18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.	Y			In place; as an Independent lawyer is usually consulted in serious offences, and the Institute also involves other bodies in serious offences.

**Action Plan Subject:** SMO 7–International Financial Reporting Standards and Other Pronouncements issued by the IASB  
**Action Plan Objective:** Continue to use best endeavors to maintain and continuously improve an ongoing program for adoption and implementation of IFRSs  
**SMO Applicability:** Shared (Some aspects of the SMO e.g. compliance by Government Business Enterprises fall in the purview of the Accountant General and Auditor General)

**Background:**

Article 3 of Law Number 11/2008 establishing ICPAR provides that within the private sector, the accounting standards shall be consistent with the International Financial Reporting Standards (IFRS). Full IFRS will be applicable to public interest entities and entities that hold funds on behalf of the public in a fiduciary capacity as their primary business. Non-publicly accountable entities will have the option to use the IFRS for SMEs.

ICPAR adopts IFRSs as issued by the International Accounting Standards Board (IASB). The inspection commission is responsible for ensuring this takes place. The Council has approved establishment of the IFRS expert group to work under the Inspection commission. This group will dedicate itself to addressing IFRS focused issues and will comprise of experienced individuals in the implementation of IFRS.

CPD programs incorporate areas that explain and discuss new developments in IFRSs and often a times, Private companies approach the institute for facilitation in the delivering of in-house workshops on IFRS's. Similarly, both CAT and CPA programs have subjects that deal with IFRSs in the course content which facilitates students to start thinking about these International Standards at a qualification level. Various MOU's have been signed in a bid to align the University's Syllabi with that of ICPAR such that even in academic qualifications; individuals are able to have good knowledge about the Accounting Standards at an early stage.

#	Start Date	Actions	Completion Date	Responsibility	Resources
<i>Review of the Financial Reporting Environment</i>					
35.	January 2017	Research and issue comments on Exposure Drafts issued by the International Accounting Standards Board (IASB) as may be appropriate.	Ongoing/ As they arise	Professional Development Services Department /Inspection Committee	Staff

36.	March 2016	<p>Establish mechanism to ensure accounting education curriculum incorporates IFRSs and IFRS for SMEs. The syllabus considers the IFRS and IFRS for SMEs components.</p> <p>We intent to review the syllabus and have held discussions with University lecturers on the need to give students IFRS based case study assignments and course content to prepare them for the job market as well as enhance compliance.</p> <p>ICPAR has signed MOUs with several Universities who intent to begin registering their students for our certifications and hence we expect them to review their curriculum to be in line with ICPAR.</p>	December 2016/ Continuously	PDS/EDS	Staff & Funding from Development Partners
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#	Start Date	Actions	Completion Date	Responsibility	Resources
37.	January 2016	Notify members of all IFRSs, guidelines, studies and occasional papers developed by the (IASB) through emails.	Ongoing as they arise	Professional Development Services Department	Staff
<i>Maintaining Ongoing Processes</i>					
38.	January 2017	Continue to ensure that ICPAR Complies with SMO 7 requirements. This includes periodic review and updating the Action Plan for future activities as may be necessary and appropriate.	Ongoing	Professional Development Services Department/ Inspection Commission	Staff
<i>Review of ICPAR's Compliance Information</i>					
39.	January 2017	Perform periodic review of ICPAR's response to the IFAC Compliance requirements and update sections relevant to SMO 7 as necessary. Once updated inform a recognized IFAC member(s) about the updates in order to benchmark appropriately.	As per the IFAC Review Cycle/ Ongoing	Professional Development Services Department/ SG	Staff