Rwanda

Ministerial Order setting out Regulations for Internal Control and Internal Audit in Government
Ministerial Order 2 of 2009

Legislation as at 11 May 2009
FRBR URI: /akn/rw/act/mo/2009/2/eng@2009-05-11

There may have been updates since this file was created.
PDF created on 21 February 2024 at 13:06.

Check for updates

About this collection
The legislation in this collection has been reproduced as it was originally printed in the Government Gazette, with improved formatting and with minor typographical errors corrected. All amendments have been applied directly to the text and annotated. A scan of the original gazette of each piece of legislation (including amendments) is available for reference.

This is a free download from the Laws.Africa Legislation Commons, a collection of African legislation that is digitised by Laws.Africa and made available for free.

www.laws.africa
info@laws.africa

There is no copyright on the legislative content of this document.
This PDF copy is licensed under a Creative Commons Attribution 4.0 License (CC BY 4.0). Share widely and freely.
Chapter One – General provisions .............................................................................................................................................. 1
  Article One – Scope of the regulations ........................................................................................................................................ 1
  Article 2 – Definitions ................................................................................................................................................................ 1
Chapter II – Internal control .......................................................................................................................................................... 2
  Article 3 – Establishment of internal control system .................................................................................................................. 2
  Article 4 – Components of the internal control system .............................................................................................................. 2
  Article 5 – Execution of internal controls ................................................................................................................................ 3
  Article 6 – Continuous monitoring and assessment of internal control system ........................................................................ 3
  Article 7 – Annual statement about the performance of the internal control system ................................................................. 3
  Article 8 – Dealing with internal control deficiency .................................................................................................................. 3
  Article 9 – Opinion of the internal control system ..................................................................................................................... 3
  Article 10 – Fraud and other irregularities ............................................................................................................................... 4
Chapter III – Internal audit ............................................................................................................................................................. 4
  Article 11 – The objective and mission of internal audit ........................................................................................................... 4
  Article 12 – Internal audit units .................................................................................................................................................. 4
  Article 13 – Appointment of internal auditors ........................................................................................................................ 4
  Article 14 – Government internal audit standards .................................................................................................................... 5
  Article 15 – Code of conduct and ethics for internal auditors .................................................................................................. 5
  Article 16 – Professional independence of internal auditors ................................................................................................ 5
  Article 17 – Audit planning ......................................................................................................................................................... 5
  Article 18 – Audit evidence ......................................................................................................................................................... 5
  Article 19 – Quality assurance .................................................................................................................................................... 6
  Article 20 – Access and obligation to provide audit information ............................................................................................ 6
  Article 21 – Confidentiality regarding audit information ...................................................................................................... 6
Chapter IV – Communicating audit findings .................................................................................................................................. 6
  Article 22 – Internal audit reports ............................................................................................................................................. 6
  Article 23 – Content of internal audit report ............................................................................................................................ 6
  Article 24 – Audit report procedure ............................................................................................................................................ 7
  Article 25 – Implementation of agreed actions ........................................................................................................................ 7
Chapter V – Audit committees ....................................................................................................................................................... 7
  Article 26 – Establishment of audit committees ...................................................................................................................... 7
  Article 27 – Membership of the audit committee ...................................................................................................................... 7
  Article 28 – The responsibilities of audit committees ........................................................................................................... 8
Chapter VI – Final provisions .......................................................................................................................................................... 8
Rwanda

Ministerial Order setting out Regulations for Internal Control and Internal Audit in Government

Ministerial Order 2 of 2009

Published in Official Gazette 19 on 11 May 2009

Assented to on 12 February 2009

Commenced on 11 May 2009

[This is the version of this document from 11 May 2009.]

The Minister of Finance and Economic Planning:

Pursuant to the Constitution of the Republic of Rwanda of 04 June 2003 as amended to date, especially in Articles 120, 121 and 201;

Pursuant to the Organic Law n° 37/2006 on State Finances and Property, especially in Article 66;

After consideration and approval by the Cabinet, in its session of 20/06/2008;

HEREBY ORDERS:

Chapter One
General provisions

Article One – Scope of the regulations

This Order shall put into place regulations applicable to central government ministries, Embassies, semi-autonomous budget agencies, autonomous public entities, and local government Districts and Provinces. However, it shall not be applicable to government private sector investments.

Article 2 – Definitions

In this Order:

1° “administrative controls” shall mean the internal administrative authority, organizational structure, leadership practices, rules, procedures, actions which are needed to make appropriate managerial decisions, and to achieve discipline, ethical behaviour, professionalism, personnel competence and administrative or operational efficiency in general;

2° “compliance audit” shall mean verification of adherence to applicable statutes, regulations, policies, standards, procedures, organizational plans, goals and strategic or administrative decisions;

3° “financial controls” shall mean the policies, rules, procedures, processes and actions for ensuring that financial transactions comply with public finance and procurement laws, are consistent with the established financial goals and ensure the reliability and integrity of financial data and systems as well as proper public financial accountability;

4° “economy” shall mean minimizing the cost of any activity, goods or services procured without compromising the quality of the associated outcomes, as well as the relative need to incur the cost;

5° “efficiency” shall mean achieving maximum outcomes of an activity relative to the input costs, in other words efficiency refers to the cost-benefit relationship of an activity;
6° “effectiveness” shall mean the extent of actual outcome relative to the corresponding planned outcomes, in other words the degree of achievement of an activity relative to plan;

7° “financial audit” shall mean verification of the correctness, entirety, legitimacy, provability and regularity of financial transactions, revenue and expenditure, account balances of assets and liabilities, including physical verification of tangible fixed assets, and integrity of accounting books and records;

8° “forensic audit” shall mean an audit directed at specific cases of suspected or actual irregularities such fraud, theft, embezzlement, mismanagement of funds and similar others crimes;

9° “material internal control weakness” shall mean a significant deficiency in the design or operation of internal control that could adversely affect the ability of a government entity to meet its internal control objectives;

10° “Minister” shall mean the Minister in charge of finances;

11° “performance audit” shall mean an evaluation of economy, efficiency, effectiveness with which an entity uses public resources at its disposal, whether financial, human or other resources;

12° “reasonable assurance” shall mean that cost-effective actions have been taken to restrict deviations to a tolerable level, and that material errors or irregularities have been prevented, or if occurred, were detected and corrected by the entity personnel within a timely period;

13° “systems audit” shall mean an evaluation of the appropriateness, integrity and reliability of an entity’s systems including internal control system, management information system, Information and Technology systems or other systems.

Chapter II
Internal control

Article 3 – Establishment of internal control system

Any government entity shall establish and implement an effective internal control system to address all forms of risks to the operations of the entity and to prevent or detect fraud and any other irregularities.

An internal control system shall be deemed to be effective if it provides reasonable assurance that:

1° Government resources at the entity are used with economy, efficiency, effectiveness, and are consistent with the mission of the entity;

2° Government assets at the entity are safeguarded against waste, loss, misuse, damage or mismanagement;

3° the Government programs executed by the entity achieve intended objectives, goals and targets;

4° the entity complies with laws and established regulations, policies, plans and procedures;

5° the entity’s management information and financial reporting are reliable and of high integrity.

Article 4 – Components of the internal control system

The internal control system shall consist of ex ante or ex post administrative and financial controls, including the risk assessment and mitigation practices and any other policies or procedures that the entity may adopt in the furtherance of the internal control objectives.

The ex-ante controls shall comprise of the elements of the internal control system designed to prevent the occurrence of inappropriate decisions, while ex-post controls shall consist of the elements of internal control designed to confirm the regularity of the decisions taken, or to detect if inappropriate decisions have occurred so that corrective measures are taken and any reoccurrence is deterred.
**Article 5 – Execution of internal controls**

It shall be the responsibility of the chief budget manager and other personnel in the entity to establish and implement the effective internal control system in the entity.

No financial transaction shall be executed without prior verification through the *ex-ante* internal control procedures prescribed with the authority of the Minister.

The *ex-ante* control shall be executed by the chief budget manager or other personnel specifically delegated by him/her.

Any person who executes an internal control shall append his/her personal signature on the documents involved as attestation to the execution of the control.

---

**Article 6 – Continuous monitoring and assessment of internal control system**

The chief budget manager shall continuously monitor and assess the performance of the internal system in the government entity for which he/she is responsible.

The Government Chief Internal Auditor shall prepare, for the approval and publication by the minister, the guidelines for the monitoring and assessment of the internal control systems at government entities.

---

**Article 7 – Annual statement about the performance of the internal control system**

All annual financial statements issued by a government entity shall be accompanied by a statement signed by its chief budget manager regarding the performance of the internal control system during the fiscal year covered by those financial statements. The statement must be explicit about:

1° the responsibility of the chief budget manager to maintain an effective internal control system which is to be relied upon to safeguard government resources from misuse and to ensure that the financial statements are free from material misstatement whether caused by error or any other irregularity;

2° confirmation that, in the opinion of the chief budget manager, the internal control system in the entity has operated adequately throughout the fiscal year;

3° a description of the internal control deficiency which the chief budget manager considers to be a material internal control weakness, as well as the remedial measures put in place.

---

**Article 8 – Dealing with internal control deficiency**

Any public officer who executed an internal control in the government entity shall identify and report any observed deficiency in the internal control of the entity.

The internal control deficiency shall be reported to the chief budget manager as soon as it is observed, together with suggested remedial measures.

The chief budget manager shall take timely and effective remedial actions to correct the reported internal control deficiency.

Any material internal control weakness at any government entity, together with the associated corrective measures, shall be brought to the attention of the Government Chief Internal Auditor for examination and further reporting to the minister.

---

**Article 9 – Opinion of the internal control system**

The head of the internal audit unit in a government entity shall regularly evaluate the internal control system at the entity and, on the basis of the audit evidence gathered, make an annual independent statement about the overall adequacy and effectiveness of the internal control system at the entity.
In the opinion of the auditor, the annual statement provided for in paragraph One shall provide one of the following:

1° unqualified assurance about the adequacy and effectiveness of the internal control system which shall mean that no material weaknesses have been observed in the system;

2° qualified assurance about the adequacy and effectiveness of the internal control system, which shall mean that one or more material weaknesses have been observed in the system and in that case those weaknesses together with their implications and recommended remedies shall be disclosed in the statement;

3° no assurance about the adequacy and effectiveness of the internal control system, which shall mean that there are pervasive material internal control weaknesses in the system.

**Article 10 – Fraud and other irregularities**

The responsibility to prevent or detect fraud or any other irregularity in a government entity is vested in the chief budget manager.

Without prejudice to the provisions of paragraph One, all public officers shall wholly and severally take any necessary step to prevent the occurrence of fraud or any other irregularity in the government entity where they work, and shall immediately draw the attention of the entity’s chief budget manager and head of internal audit to any suspected cases of fraud or irregularity.

The chief budget manager and the head of internal audit shall then immediately investigate the suspected fraud or irregularity. Any case of actual fraud or irregularity shall be brought to the attention of the Government Chief Internal Auditor who shall then proceed to investigate the matter and report his/her findings to the Minister.

**Chapter III**

**Internal audit**

**Article 11 – The objective and mission of internal audit**

The objective of internal audit shall be to provide an independent objective assurance and advisory about the effectiveness of an entity’s risk management, internal control and governance processes.

The internal audit objective shall be pursued through audit missions consisting of risk assessment, systems audit, financial audit, performance audit, compliance audit and forensic audit. Internal audits shall be carried out on a risk based approach.

**Article 12 – Internal audit units**

There shall be an internal audit unit within each government entity to fulfill the internal audit mission in it.

The internal audit units shall be functionally independent of the operational activities of the entities, and shall be centrally coordinated by the internal audit unit in the Ministry in charge of Finance, under the leadership of the Government Chief Internal Auditor.

**Article 13 – Appointment of internal auditors**

The recruitment and appointment of internal auditors to be deployed to the internal audit units shall be subject to the usual public service recruitment regulations under the supervision of the Minister.

Any candidate for the appointment as internal auditor shall fulfill the following minimum requirements:

1° possession of at least a bachelors’ degree in business administration majoring in accountancy or finance;

2° having attained at least an intermediate level of a recognized professional qualification in accountancy.
For the appointment to the position of Government Chief Internal Auditor, the candidate shall be qualified as a professional accountant, a member of a recognized body of professional accountants, and with working experience in senior position as an auditor, finance manager or accountant for at least five years.

Article 14 – Government internal audit standards

The practice of internal audit in government shall conform to audit standards issued by the Minister on the advice of the Government Chief Internal Auditor.

The government internal audit standards shall be consistent with similar standards issued by the Institute of Internal Auditor; a worldwide organization of professional internal auditors.

Article 15 – Code of conduct and ethics for internal auditors

There shall be a Code of professional conduct and ethics promulgated through a Order of the Minister, to which all internal auditors shall adhere in the conduct of audit work.

Government internal auditors shall conduct themselves with integrity, objectivity, confidentiality, competency, professional independence, and shall, at all times, take precautionary measures to avoid conflicts of interest which can interfere with their audit work.

Article 16 – Professional independence of internal auditors

Internal auditors shall maintain their professional independence throughout their audit work. Thus, internal auditors shall plan, execute and report their work without bias or interference from any person, except for any quality control by another auditor in supervisory capacity.

Any internal auditor shall promptly inform the Minister any case of interference with his/her audit work and the Minister shall take timely appropriate action to eliminate the interference.

Article 17 – Audit planning

Each internal audit unit shall prepare an annual audit and action plan which shall be approved by the Government Chief Internal Auditor by 31st January of each fiscal year.

Any internal audit assignment shall be properly planned and approved by the head of the internal audit unit undertaking the assignment. The audit plan must show at least the objectives of the assignment, risk assessment, audit tests to be carried out, the size of the audit sample, staffing plan, estimated duration of the assignment and the timetable of activities.

The auditee shall be entitled to prior notice of at least seven working days (7) of the impending audit, except for a forensic audit for which prior notice shall be at least one (1) working day.

No audit assignment shall be lawfully executed unless it has been properly planned, approved and brought to the attention of the auditee as required by this Article.

Article 18 – Audit evidence

Any internal audit report shall be based on sufficient written audit evidence gathered by the author of the report or other auditors under his/her supervision.

The audit evidence shall be contained in appropriate audit working papers which shall be securely maintained in a specific audit file for each audit assignment for a period of at least ten (10) years following the issuance of the audit report.
Article 19 – Quality assurance

An auditor who has prepared an audit working paper or a collection of working papers shall present them to a second auditor in a supervisory authority and the second auditor shall review them and enhance their quality. Each audit working paper shall show the dates of its preparation and review, and the initials of the auditors who have prepared and reviewed it.

Article 20 – Access and obligation to provide audit information

Internal auditors shall have free and unrestricted access to any information which they deem necessary for the performance of audit work. Any person or entity from which an auditor requires audit information shall provide the information within the time stated by the auditor, and that person or entity shall be entitled to require the auditor to acknowledge receipt of the information in writing.

Article 21 – Confidentiality regarding audit information

Any information obtained by the auditor shall be used for the sole purpose of audit and shall remain confidential. The auditor is prohibited from disclosing the information to any third party, other than his/her supervisor, except if required to do so by a competent court of law.

Chapter IV
Communicating audit findings

Article 22 – Internal audit reports

Audit findings from any audit engagement shall be communicated in a written report signed by the head of the internal audit unit concerned and the auditor who has performed the audit. The internal audit report shall conform to the format prescribed in an internal audit manual issued by the Government Chief Internal auditor, and shall show the full names and designation of the auditors involved and those of the persons to whom the report is addressed.

Article 23 – Content of internal audit report

The following information shall be shown in any routine internal audit reports:

1° the date of the report, the commencement and completion dates of the audit;
2° The type, scope, and sample size of the audit carried out;
3° A statement that the internal control system is the responsibility of entity management and that the auditor’s responsibility thereof is limited to the appraisal of the system;
4° an audit opinion on the effectiveness of the internal control system;
5° the description of key audit findings, likely causes of any weaknesses observed, potential risk implications and ramifications on the entity operations, remedies agreed with the auditee, and target implementation dates;
6° the internal audit standards followed during the audit.

Any forensic audit report shall indicate whether further work may be undertaken by criminal investigators or any other specialists.
Article 24 – Audit report procedure

Within thirty (30) working days after completion of audit tests, the auditor shall initially issue the audit report in a draft form to the chief budget manager of the audited entity who shall make written comments on audit findings and recommendations and submit them to the auditor within fifteen (15) working days following the receipt of the draft report.

The auditor shall consider the comments of the chief budget manager and issue the report in final form within fifteen (15) working days.

Any failure or delay by the chief budget manager to submit the comments required by this Article shall not prevent the auditor from issuing the audit report in final form. In such case the chief budget manager shall be deemed to fully agree with the content of the report.

The requirements of this Article do not apply to a forensic audit report.

Before it is issued, any forensic audit report shall be reviewed by the Government Chief Internal Auditor or a senior auditor specifically delegated by him/her.

Article 25 – Implementation of agreed actions

The chief budget manager of the audited entity shall be obliged to fully implement the actions agreed between him/her and the auditor within the agreed timeframe.

Chapter V
Audit committees

Article 26 – Establishment of audit committees

An audit committee shall be established for each government entity. In the interest of efficiency, economy and effectiveness, two or more central government Ministries, projects or Embassies may share an audit committee.

In semi-autonomous and autonomous entities, the audit committee shall be a sub-committee of the governing Board of Directors. In local government, the audit committee shall be a sub-committee of the District Council.

Article 27 – Membership of the audit committee

Each audit committee shall consist of at least two but not more than four persons who satisfy at least the following requirements:

1° independent of the operational management of the entity on whose committee they serve;
2° to hold at least a university baccalaureate in business administration, finance, accounting, economics or public administration;
3° working experience of at least three (3) years in financial administration.

The members of the audit committee shall elect a chairperson amongst themselves who shall be responsible for financial management. The audit committee may invite other persons to its working sessions to enhance its technical capacity in its responsibilities. Such invited persons shall contribute to the deliberations of the committee but shall have no vote regarding its decisions.
Article 28 – The responsibilities of audit committees

The audit committee shall have the following responsibilities:

1° provide advisory assistance to the management of the entity for the betterment of its operational efficiency;

2° considering and reviewing of the financial statements of the government entity focusing on their overall credibility, unbudgeted expenditure and any other unusual transactions;

3° considering and approving the annual action plan of the internal audit unit;

4° considering and reviewing of internal audit and Auditor General's reports and recommend appropriate actions to be taken in connection with the issues raised and recommendations in those reports;

5° follow-up management to ensure the implementation of the agreed recommendations within the agreed timeframe;

6° the audit committee may commission any appropriate special audits and investigations on the budget agency and lead the appointment of independent auditors to conduct such audits.

In the performance of its responsibilities, the audit committee shall provide an open avenue for communication between internal auditors, external auditors, and management of the entity.

A cabinet minister may directly get involved in the affairs of the audit committee for his/her ministry.

Chapter VI

Final provisions

Article 29 – Internal audit manual

The Minister, on the proposal of the Government Chief Internal auditor, shall publish an internal audit charter, operational guidelines and government internal audit standards contained in an internal audit manual published by.

The internal audit manual may be revised in response to change in circumstances and relevant legislation.

Article 30 – Audit of government investments

Any enterprise in which government owns at least one fifth (1/5) of its equity capital is obliged to comply with the following requirements:

1° to provide copies of its internal audit reports to the Government Internal Auditor at least every three months;

2° address any specific issues during their audits, including financial investigations, which the Government Chief Internal Auditor may require.

Article 31 – Offences and penalties

Any person who, without reasonable cause, fails to comply with this Order commits an offence and on conviction shall be liable to sanction in accordance with the Penal Code of Rwanda and/or Law n° 22/2002 of 9/7/2002 regarding General Statutes for the Rwanda Public Service.

Article 32 – Repealing provision

All prior provisions contrary to this Order are repealed.
Article 33 – Commencement

This Order shall come into force on the date of its publication in the Official Gazette of the Republic of Rwanda.