



**BANK OF TANZANIA: CRITERIA FOR APPROVING AND  
REGISTERING EXTERNAL AUDITORS OF LICENSED BANKS AND  
FINANCIAL INSTITUTIONS, 2003**

**Part 1: Preliminary**

**Part 2: Application for Auditing Licensed Banks and Financial Institutions**

**Part 3: Conditions for Approval and Registration**

**Part 4: Miscellaneous Provisions**

**PART 1**

**PRELIMINARY**

1. This Circular may be cited as the Criteria for Approving and Registering External Auditors that audit Licensed Banks and Financial Institutions, 2003.
2. This Circular shall apply to all external auditors that audit licensed banks and financial institutions (incumbent and prospective).
3. The “Bank,” “bank” “financial institutions” “Licensed Institution” have the same meaning ascribed to them by the Bank of Tanzania Act, 1995.
4. The Circular is issued in accordance with section 51(1) of the Banking and Financial Institutions Act, 1991.

## **PART 2**

### **APPLICATION FOR AUDITING LICENSED BANKS AND FINANCIAL INSTITUTIONS**

1. Any auditor(s) and/or auditing firm intending to audit a licensed bank or financial institution in Tanzania shall submit to the Bank an application letter.
2. The application letter shall be submitted together with: -
  - (i) The firm's background, legal and NBAA registration status;
  - (ii) Structure and organisation of the firm, its principal place of business and branches in Tanzania. In case of an international audit firm, details of the head office including legal and professional status of the parent firm;
  - (iii) Names, particulars and detailed CVs of partners and other professional staff;
  - (iv) List of major audit assignments that have been performed for the last three years and total fees received for the last year from each audit assignment that was performed.
  - (v) Details of any existing relationship either directly or indirectly between the firm, partner, auditor and any bank or financial institution regulated by BOT;
  - (vi) Any other information considered necessary in support of the application.

## **PART 3**

### **CONDITIONS FOR APPROVAL AND REGISTRATION**

1. Approval to audit a licensed bank and/or financial institution shall be based but not limited to the following conditions:
  - (i) Registration with NBAA as authorized auditor,
  - (ii) Presence of at least two active partners who are listed by NBAA as authorised auditors
  - (iii) Presence of at least five staff with education and experience in accountancy and auditing. Two of such staff must be registered with

NBAA as authorised accountants/auditors and or are designated as seniors/principals with proven track record of leading audit assignments. Combination of one authorised auditor/accountant and one senior /principal with the said experience is acceptable.

- (iv) Ensure that its partners and staff are independent and seen to be independent in ownership and or in business relationship with banks and financial institutions regulated by BOT.
- (v) Confirm in writing its commitments in continuing professional education aimed at exposing its staff to various issues relating to challenges and new developments in the banking industry
- (vi) Confirm in writing that for normal audit, the work program and reporting (at least in management audit report) will among other things cover, computation of capital adequacy, related parties transactions, assessment of movement of loan provisions, liquidity ratios, and profitability outlook as well as future viability. The items have to be dealt with in line with the requirements of Banking laws, regulations and directives issued by BOT.
- (vii) Confirm in writing that no assignment shall be undertaken if based on available manpower, time and size or level of computerization of the regulated financial institution, it will not be possible to timely deliver report that meets the expected quality.

#### **PART 4:**

#### **MISCELLANEOUS PROVISIONS**

1. In addition to the conditions found in Part 3, other requirements to be fulfilled by an auditor and/or auditing firm include: -

- (i) Informing BOT, within 30 days, of changes in its organisation structure involving its partner(s) and or two of the five staff above. Also changes that will result into the number of its staff to be less than 5;

- (ii) Promptly informing BOT of any known/new relation between the firm and bank/financial institution regulated by BOT or between its partners/ staff and bank/financial institution regulated by BOT;
  - (iii) The partner signing acceptance to the effect that the firm, its partners and staff will comply with all BOT laws and regulations in carrying out its external audit functions on banks and financial institutions regulated by BOT;
  - (iv) Reporting to BOT criminal offences involving fraud, money laundering, and other similar crimes detected in the course of the audit work.
2. (i) Failure to comply with the requirements of registration of external auditors as given above and other relevant banking laws and regulations shall result into non-registration or removal of the auditor from register
- (ii) Issuance of clean certificate by an auditor to a bank or financial institution when violation of regulations has been observed and such violation warranting non-issuance of clean certificate, shall result into removal of that auditor from the register.

Daudi T. S. Ballali

**GOVERNOR**