
To all Financial Institutions

Appointment of External Auditors and Submission of Audited Financial Statements.

The Central Bank of Seychelles (CBS) wishes to remind all financial institutions of their obligations under the Financial Institutions Act, 2004 (FIA), relating to the appointment of external auditors and the timely submission of audited financial statements.

External audit remains a critical component of prudent governance, providing an independent and objective assessment of an institution's financial statements and regulatory compliance. In this regard, prior approval from CBS is required for the appointment of an external auditor in accordance with section 36(1) of the FIA. Financial institutions are further reminded that the same auditor shall not be appointed continuously for a period exceeding five (5) years unless an exemption has been granted by CBS in accordance with section 36(2) of the FIA.

To facilitate CBS' assessment of the proposed auditor's independence, suitability, competence and capacity to undertake the audit engagement, all financial institutions are expected to submit a formal request for approval of their proposed audit firm together with the duly completed Aud1 Form (Parts A and B), at least three (3) months before the end of the year, and in any event no later than **September 30** of each year.

Financial institutions are advised that the September submission timeframe represents CBS operational expectation and is intended to ensure sufficient time for:

- assessment and approval of the proposed auditor by CBS;
- resolution of any concerns relating to auditor independence or suitability;
- appointment of an alternative auditor, where required; and
- adequate audit planning and completion of the audit within the statutory reporting timelines prescribed under the FIA.

Financial institutions should note that delays in submitting requests for approval of external auditors beyond the September timeframe may affect their ability to comply with the statutory reporting timelines prescribed under the FIA.

Financial institutions are reminded that:

- a copy of the auditor's report shall be sent to CBS no later than 30 days after it becomes available, and within four (4) months after the end of the financial year at the latest, in accordance with section 36(8) of the FIA; and
- the audited financial statements shall be submitted to CBS not later than 30 days after becoming available, and within four (4) months after the end of the financial year at the latest, in accordance with section 38(1) of the FIA.

These statutory obligations remain the responsibility of each financial institution at all times.

Accordingly, financial institutions should note that delay in seeking approval and appointment of auditors, including delays arising from rejected or incomplete submissions, will not constitute grounds for extension of the statutory deadlines for submission of audited financial statements and auditor's reports. CBS will therefore not approve requests for extension of the submission timelines that are prescribed under sections 36(8) and 38(1) of the FIA. Any institution failing to comply with the statutory reporting requirements shall be subject to supervisory or enforcement action in accordance with sections 63(2)(b) and (n) and 72(1) of the FIA, including the compounding of offences, where applicable.

CBS expects all financial institutions to take the necessary measures to ensure timely compliance with the above requirements and appreciates your continued cooperation in maintaining sound regulatory and supervisory standards.

This circular supersedes and replaces the previous circular, with references FSS/BK/AUD/10 and FSS/BC/AUD10, dated August 5, 2009, relating to the appointment of external auditors.

Yours sincerely,



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B. Commettant (Mr.)

First Deputy Governor