

## ANNEX A – TERMS OF REFERENCE

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### Provision of External Audit Service

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## **A. INTRODUCTION**

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Business Centre Corporation (BCC) is a state-owned enterprise (SOE) incorporated in 2017 to coordinate and oversee the management of regional business development service centres (BCs) established, by the Ministry of Economic Development, under the SME Act.

The purpose of the Business Centre (BCs) is to contribute to the establishment of an enabling business environment to support inclusive economic growth by providing and building capacity for sustainable, demand-driven business development services and to facilitate market access which will serve the growth needs of the micro, small and medium-sized enterprise (MSME) sector in the Maldives.

Business Centre Corporation (BCC) invites Bids for the external audit service of BCC for its financial years ending 31st December 2022 and 31<sup>st</sup> December 2023.

## **B. AUDITING STANDARDS**

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The financial statement audit shall be carried out in accordance with International Standards on Auditing (ISAs). The audit shall be carried out to address the scope of services discussed below.

Additionally, other pronouncements of International Auditing and Assurance Standards Board (IAASB) of IFAC may be used by the audit firm as appropriate to deliver various parts of the scope of service.

## **C. OBJECTIVE**

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The objectives of the external auditor are;

- I. To express an opinion on the financial statements of BCC for the financial years ending 31st December 2022 and 31<sup>st</sup> December 2023.
- II. Carry out and report on that scope of work assigned to the external auditor under Regulation on the Audit and Accountability of State-owned Enterprises 2021/R-152

## **D. SCOPE OF THE SERVICE**

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The scope of the audit service shall include the following.

- I. Carry out audit of financial statements of BCC for the years ended 31 Dec 2022 and 31 Dec 2023;
- II. Carry within the scope of the external audit, appropriate work;
  - a. To produce a report to the Auditor General on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statement that shall include the following sections:
    - i. Key internal control weaknesses;
    - ii. Fraud risk;
    - iii. Compliance with Procurement Guidelines and Practices;
    - iv. Compliance with Corporate Governance Code of Privatisation and Corporatisation Board (PCB); and
    - v. Compliance with Other Directives issued by the PCB

*Refer Regulation on the Audit and Accountability of State-owned Enterprises 2021/R-152 and other guidance provided on the website of the Auditor General's Office for addressing these areas in the audit.*

- b. To produce a management letter to the Company that identifies significant deficiencies in internal controls and provides an analysis of the financial statements, including key financial ratios.

*Note: An agreed-upon procedures engagement in accordance with International Standard on Related Services (ISRS) 4400 in respect to assessing compliance with Corporate Governance Code stated in 1(d) above could be carried out by the external auditor.*

## **E. ELIGIBILITY CRITERIA**

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The bidder (audit firm) for this audit service shall be registered with Institute of Chartered Accountants of the Maldives as a Public Interest Entity Auditor. The audit team shall meet the following requirements.

- I. The engagement partner shall have a minimum of five years of experience in auditing companies and must hold the audit license.
- II. The engagement manager (team leader) shall have a minimum of five years of experience in auditing companies and shall be a member of CA Maldives.
- III. Other team members shall possess educational qualification and experience appropriate to the work assigned to them on the audit.
- IV. The audit team:
  - a. Shall be completely impartial and independent from all aspects of management or financial interests of BCC.
  - b. Shall not, during the period covered by the audit nor during the audit, be employed by, serve as advisors or mentors for, or have any financial or business relationships with BCC.

## **F. DELIVERABLES**

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The external auditor shall present the following

- I. Audited financial statements of the year 2022, and 2023 to the Board and management of the Corporation.
- II. Management letter to the Corporation.
- III. Report to the Auditor General on internal control over financial reporting and on compliance and other matters based on an audit of financial statements.

## **G. TECHNICAL QUERIES**

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For any technical queries related to bidding for provision of external audit service, please send your requests to the following email: **procurement@bcc.mv**.

## **H. DEADLINE FOR SUBMISSION OF BID PROPOSAL**

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The deadline for responses to this tender is the date and time mentioned in the Bid Data.

## **I. BID SUBMISSION**

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Bidders are advised to include in their bids the following documents as annexures.

- I. Company Profile
- II. Bidders' references
- III. Comments and suggestions on the Scope of Work
- IV. Description of the methodology for performing the assignment
- V. Team composition and tasks assignment
- VI. Proposed fee
- VII. Any additional forms stated in the Bid Data.

## **J. PRICES**

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- I. All prices must be quoted in MVR (Maldivian Rufiyaa).
- II. There will be no price variation after signing the contract.
- III. Prices must be quoted inclusive of all applicable taxes.

## **K. VALIDITY OF THE BID**

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The Bid shall be valid for a minimum period of 60 days from the date of closing this Bid.

## **L. BASIS OF AWARD**

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A formal contract (Letter of Engagement), specifying the scope of the audit shall be prepared and signed between BCC and the audit firm prior to commencement of the engagement. The contract shall also clearly spell out the responsibilities of the two parties. BCC will award a contract to the most economically advantageous Bid based on the following.

Experience*	30%
Price**	70%

\* The total score will be adjusted on a pro rata basis to the duration of the firm's

experience using the below formula. The total experience will be capped at **five** years. A year is considered 365 days.

E.g., A firm has a total work experience of 20 years. However, for the scoring of this procurement, only five years will be used. This means, all the parties that have a minimum of five-year work experience will be receiving 30% in full for their experience component.

$$\text{Score for Experience} = \frac{\text{Total Experience in days}}{(365 \text{ days} \times 5)} \times 30\%$$

\*\* The lowest quoted price will be set as the benchmark against which the remaining bid applications will be scored.

## **M. COMPLETION PERIOD**

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The completion of external audit and related services shall be within eight weeks (maximum duration) for each year to be audited. The duration shall be commenced upon issuance of notice to initiate the audit by the BCC in writing after signing of the engagement letter.

## **N. PAYMENT**

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Payment for each year of audit shall be release upon the successful completion of the services to a standard acceptable by the BCC and upon submission of an undisputed tax invoice within 30 days of receipt of such invoice to the BCC.

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