

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ



PRISCO

PRISON COOPERATIVE SOCIETY

MALDIVES CORRECTIONAL SERVICE,

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TERMS OF REFERENCE

EXTERNAL AUDITOR

PRISON COOPERATIVE SOCIETY

(PRISCO)

BACKGROUND

Prison Cooperative Society (Prisco) was incorporated on 25th November 2012. When it was incorporated, the name was DPRS Cooperative Society and later the name was changed to Prison Cooperative Society (Prisco) on 3rd June 2015.

As a first initiative, Prisco established businesses namely a retail shop at Maafushi Prison, and also in Asseyri Prison (K. Himmafushi) where agricultural and handicraft products are sold to customers. From 2012-2015 we held a handicraft exhibition and this event was highly recognized in Maldives.

Recently, Prisco has widen its businesses scale from retail business to import goods and have engaged in few mega projects of government such as Anchor Blocks Project, Road Blocks Project and Stelco Project. In the year 2019, we have completed construction of one unit at Male' Prison (Male' Remand Center) & Emergency Medical Post & Crisis Care Handling at Maafushi Prison.

Objective of the Audit:

1. The objective of the audit of PRISCO's financial statements is to enable the auditors to express an independent professional opinion on the financial position of PRISCO and to ensure that the funds utilized to PRISCO's activities have been used for their intended purposes.
2. The books of accounts of PRISCO provide the basis for preparation of the PRISCO's Financial Statements. Proper books of accounts as required by law have been maintained by PRISCO and also maintain adequate internal controls and supporting documentation for the transactions.

Scope of the Audit

1. The audit will be carried out in accordance with the International Auditing Standards and will include tests and verification procedures as the auditors deem necessary.
2. Verify all funds have been used in accordance with the established rules and regulations of PRISCO and only for the purposes for which the funds were provided.
3. Goods, works and services financed have been procured in accordance with the PRISCO established rules and procedures.

4. Appropriate supporting documents, records and books of accounts relating to all activities have been kept. Clear linkages should exist between the books of accounts and the financial statements presented to.
5. The financial statements have been prepared by PRISCO management in accordance with applicable accounting standards and give a true and fair view of the financial position of PRISCO and of its receipts and expenditures for the period ended on that date.
6. Comprehensive assessment of the adequacy and effectiveness of the accounting and overall internal control system to monitor expenditures and other financial transactions.
7. Express an opinion as to reasonableness of the financial statements in all material respects.
8. Include in their reports opinion on compliance with procedures designed to provide reasonable assurance of detecting misstatements due to errors or fraud that are material in the financial statements.
9. Conduct entry and exit meeting with the Manager and Director of Accounts of PRISCO.
10. In addition to the audit report, the auditors will prepare a Management Letter on the following:
 - a. Give comments and observations on the accounting records, procedures, systems and controls that were examined during the course of the audit.
 - b. Identify specific deficiencies and areas of weakness in systems and controls and make recommendations for improvement.
 - c. Report on the implementation status of recommendations pertaining to previous period audit reports.
 - d. Communicate matters that have come to their attention during the audit which might have a significant impact on the sustainability of the organization.
 - e. Bring any other matters that the auditors consider pertinent.

Audit Report

The audit report should clearly indicate the auditor's opinion. This would include at least the following:

- **The title, addressees, and an opening or introductory paragraph containing:**

- a) Identification of the financial information audited including the period covered; and
- b) Statement of the responsibility of the entity's management and the responsibility of the auditor.

- **A scope and methodology paragraph describing the nature of the audit referencing:**

- a) The accounting standards that have been applied and indicate the effect of any deviations from those standards;
- b) The audit standards that were applied (IFRS, ISAs, or national standards that comply with one of these in all material respects); and
- c) The work the auditor performed.

- **An opinion paragraph disclosing:**

- a) Whether the financial statements and supporting schedules fairly present the cash receipts and expenditure in all material respects and that the funds were used for the purposes defined by the business;
- b) Whether the financial transactions reflected in the statements are in accordance with financial regulations and procedures, budgetary provisions and other applicable directives; and
- c) Summary assessment of the efficiency of the management and internal control system, including an attestation of internal control over financial reporting. The auditor may expand the report to include other information and explanations not intended as a reservation. Audit reports shall be provided in English.

Audit Duration:

The audit work shall be completed within three weeks from the date of commencement of the audit.

Deliverables:

a) **Draft Report (3 copies):** The Auditor will provide a draft report to PRISCO within 30 days of the end of Audit period, highlighting findings during the audit, to enable the management to take timely action. The auditors should submit a draft copy of their report to PRISCO before finalization. PRISCO will submit its response, if any, within 14 days (2 weeks) of receipt of the draft report.

b) **Final Report (3 copies):** The auditors should submit the final copy of their report to PRISCO after receiving comments from respective agencies within the above specified time period. If no response is received by PRISCO within the said time, the auditors should finalize the related report and submit the same within a week thereafter to PRISCO.

c) **Management letter** in accordance with the scope of work described here before. The auditor should submit soft copies (PDF and editable format) of the Draft audit report, and soft copies (PDF format) of the Final audit report in an e-mail to the official email address given by PRISCO.

Evaluation Criteria:

1. Technical Requirements:

Following are the Minimum Requirements that the Audit Firm must provide with documentary evidence to prove the validity of the information:

a) **Registered Firm:** Must be a Firm (Audit Firm) Registered in the Maldives (Provide copy of the Certificate of Registration)

b) **Practicing Certificate:** The Firm must have a valid "Practicing Certificate" issued by the Auditor General of the Maldives. (Provide copy of the Certificate)

c) **Chartered Accountants:** The Firm must consist of Chartered Accountants.

- Qualification of the key personnel must be demonstrated with the documents/certificates.

- Experience of the key personnel must be demonstrated in the CV of the proposed key personnel. To that end, the Firm must submit a full CV for each of the proposed personnel. The CV must be verified signed and stamped by the Firm.

d) **Experience of the Firm:** In addition to the qualification and experience of the key personnel, The Firm must have minimum of Three (3) Years of experience working in the field of External Audit. (Provide documentary evidence of such assignments and experience)

**** If requested by the PRISCO, the firm must provide the original of the certificates/Documents for verification.**

METHOD OF SELECTION

The audit firm will be selected through a board meeting where the members of the board will overview the applied audit firms and choose any one amongst them.