



## Provision of Special and Financial Audit Services for Road Development Corporation Limited

The following are the terms of reference ‘TOR’ on which the **Road Development Corporation (RDC)** ‘The company’ agrees to engage **audit firm** ‘the Auditor’ to perform a Special and Financial Audit and to report on the concerning financial years mentioned on this TOR.

### 1. Background

Road Development Corporation Ltd. (RDC) is a 100% state-owned enterprise formed by a presidential decree during June 2019. The corporation was formed with the mandate of promoting the construction of rigid and flexible development of roads in the Maldives.

### 2. Subject of the Engagement

The subject of this engagement is the Special Audit for the Financial year ended 31<sup>st</sup> December 2023. The information, both financial and nonfinancial, which is subject to verification by the Auditor, is all information which makes it possible to verify that the company has occurred and is accurate and eligible.

### 3. Reason for the Engagement

The new management of the company wants to access the efficiency and effectiveness of the process and procedures carried out by the company during the engagement periods mentioned in this TOR.

### 4. Engagement type and Objective

This constitutes an engagement to perform specific agreed-upon procedures following the ISA Guidelines on Audits. The objective of this audit is for the Auditor to verify that the procedures and guidelines of the company were implemented accurately (for the good of the company) and to submit to the company a report of factual findings regarding the agreed-upon procedures performed.

### 5. Responsibilities of the Parties to the Engagement

#### 2.1. Responsibilities of the company:

- The company is responsible for providing documents and information requested by the Auditor for ensuring that the records and accounts can be properly reconciled to the records and accounts in respect of services provided by the company.
- The company accepts that the ability of the auditor to perform the procedures required by this engagement effectively depends upon the company providing full and free access to its staff and record and accounts.
- The company shall provide the Auditor with all the necessary information to perform the assignment properly; the following information shall be provided to the Auditors before the beginning of the assignment:
  - a. Financial Reports for the engagement periods.
    - i. Minimum Content of the Financial Statements:
      1. Statement of Comprehensive Income
      2. Statement of Financial Position
      3. Statement of Cashflow
      4. Statement of Changes in Equity
      5. Notes to the Financial Statements



- b. Project Agreements.
- c. Project progress reports for the engagement periods.
- d. Procedural policies and SOPs
- e. Organizational charts along with names and titles of senior management officials
- f. Annual budget for the engagement periods.

**The Auditor** refers to the Auditor who is responsible for performing the agreed-upon procedures as specified in these TOR, and for submitting a report of factual findings to the company.

**2.2.** The Auditor shall provide:

- A separate opinion on the financial statements of the company.
- A Separate opinion the **Financial Reporting** process and procedures.
- A Separate opinion on the **Accounts Payables and Receivables** process and procedures.
- A separate opinion on accounts associated with projects including Advances received and petty cash replenishments.
- A separate opinion on the **Procurement** process.
- A separate opinion **Project Implementation** process and procedure.
- A separate opinion **Project Designing and Costing** process and procedure.
- A separate opinion on **Recruitment Process and Staff Turnover**.
- A separate opinion on **Fixed Asset Management**.
- A separate opinion on **Sales and Marketing** process.
- A separate opinion on **Sales and Marketing** (Blocks and Rental sales) process.
- A separate opinion on **Accommodation Facility Management** sales and Accommodation Facility Management procedures.
- A separate management letter addressing the adequacy of the accounting and internal control systems of the company, including compliance with IFRS standards, Procurement Guidelines, and such other findings.

**2.3.** The Auditor is Requested to:

- Comment on economy, efficiency, and effectiveness in the use of resources.
- Comment on achievement of planned project results.
- Comment on legal and financial obligations and comment on of the compliance and non-compliance thereof
- Comment on systems and procedures such as improvements in accounting, information technology or computer systems, and operations that may be under development, on which the auditor's comments are necessary to ensure effective controls.
- Comment on other activities on which the Auditor may consider appropriate to report.

**2.4.** The Auditor shall certify:

- Whether Financial statements are prepared in accordance with international accepted accounting standards (IFRS).
- Whether Procurement has been undertaken in accordance with procurement procedures and guidelines approved by PCB and board of directors of the company.
- Whether the company has effective systems of financial supervision or internal audit at all levels.



### 3. Scope and Objective of the Work

3.1. The Auditor shall undertake this engagement in accordance with these terms of reference and in accordance with the International Standard on Audit (ISA) to perform Agreed-upon Procedures regarding Financial Information as promulgated by the IFAC.

#### 3.2. Planning, procedures, documentation, and evidence

The Auditor should plan the work so that an effective audit can be performed. For this purpose, the auditor uses the evidence obtained as the basis for the report of factual findings. The Auditor should document matters which are important in providing evidence to support the report of factual findings, and evidence that the work was carried out in accordance with ISA and these TOR.

### 4. Reporting

The report on this audit should describe the purpose and the agreed-upon procedures of the engagement in sufficient detail to enable the company to understand the nature and extent of the procedures performed by the Auditor. Use of the financial and audit reporting is compulsory.

### 5. Period Covered

The report on this audit shall cover the financial year ended 31<sup>st</sup> December 2023.

### 6. Eligibility

6.1. The Auditor must be a licensed audit firm registered with the Institute of Chartered Accountants of the Maldives (CA Maldives) and should not be under any enforcement action.

6.2. The Audit firm must be registered as Public Interest Entity (PIE) Auditor at CA Maldives.

6.3. The engagement partner shall have a minimum of 5 years of experience in auditing companies. In addition, he/she shall be a member of a professional accountancy organization, such as CA Maldives, ACCA, CIMA, CPA, etc.

6.4. The engagement manager/ Team Leader shall have a minimum of 5 years of experience in auditing companies, and shall be a member of a professional accountancy organization, such as CA Maldives, ACCA, CIMA, CPA, etc. and

6.5. Other team members shall possess educational qualifications and experience appropriate to the work assigned to them on the audit.



## 7. Evaluation

Road Development Corporation (RDC) will use a combined scoring method, in which the financial proposal will be weighted at 40% and technical proposal at 60%. Bidders who achieve 70% and higher out of 60% in the technical evaluation will be qualified for the Financial Evaluation stage. Any bidder who does not achieve minimum 70% in technical evaluation, those bids will not be considered for further evaluation.

The weightage given to evaluation criteria are:

#	Criteria for Technical Evaluation	Weightage (%) for the total score	
7.1	Financial Proposal		40%
7.2	Technical Proposal		60%
	1. Proposed Workplan and Methodology	10	
	2. Proposed Audit field work team. <i>Team Should consist of at least 3 members (Engagement partner, Engagement Manager and Audit Field worker)</i>	15	
7.3	Firms experience in conducting Audit.	35	
	<b>Total</b>		100%

### 7.1. Financial Proposal (40%)

The objective of this stage is to evaluate and compare the proposed bid prices of the bidders. In calculating the score under this criterion, the party quoting the lowest Price will get the maximum points allocated under this criterion and the points for the remaining bidders will be distributed on a pro-rata in descending order.

The formula thus used for the computation of the score is as follows:

$$\text{Price Score} = \frac{\text{Lowest proposed total price from among the bids received}}{\text{Particular-Bidder's proposed total price}} \times \text{Total Marks}$$



## 7.2. Technical Proposal

#	Evaluation Categories	Marks
1	Proposed Workplan and Methodology	
	a) Work plan and timeline	5
	b) Methodology	5
2	Audit Team	
	a) Engagement partner (Membership of an IFAC body)	6
	b) Engagement manager (Membership of an IFAC body)	6
	c) Audit Field worker (Diploma or higher qualification)	3

## 7.3. Firms Experience

No. Audit Assignments Concluded	Score
3	3.5
4	8
5	12.5
6	17
7	21.5
8	26
9	30.5
10	35

## 8. Submission of Proposal

The bidder must include the following minimum information in the proposal:

- Bid Proposal (Financial & Technical)
- Qualification and experience for audit engagement team (Curriculum Vitae (CV) shall include details of audits carried out by the concerned staff, including ongoing assignment along with true copies of academic certificates and copies of supporting documents).
- Reference letters.
- Valid audit license issued by CA Maldives.
- The methodology.
- Work-plan and timeline for undertaking and completing the audit assignment and the deliverables.