

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



Pension Office

TERMS OF REFERENCE HIRING OF EXTERNAL AUDITORS

The Maldives Pension Administration Office (Pension Office) is seeking as independent audit firms registered with the Institute of Chartered Accountants of the Maldives to submit proposals for external audits services of the Maldives Retirement Pension Scheme (MRPS) and Pension Office's financial statements for a 3-year period from 2024 to 2026.

1. Background

Maldives Pension Administration Office (Pension Office) is an Independent legal entity established with the key mandate of managing the pension schemes introduced under the Act Number 8/2009 (Maldives Pension Act). Currently managing two major pension schemes, Pension Office is serving a clientele covering the country's workforce, employers, self-employed and senior citizens.

The Section 4 (a) (1) of the Maldives Pension Act (Act No. 8/2009) requires the Pension Office to submit to the Capital Market Development Authority (CMDA), an annual audit conducted by an independent audit firm registered in the Maldives. Further, the Section 6 (b) of the Act empowers the Board of the Pension Office to contract with Auditors.

Under the Act, Pension Office is mandated to administer two pension schemes; MRPS and Old-age Basic Pension Scheme (BP).

The MRPS is a Defined Contribution (DC) scheme that covers both public and private sector. Under this scheme employers and employees together make monthly contributions to the scheme. The rate of contribution is 14% (7% each) of the basic salary. The contributions collected are invested and on retirement distributed to the members as pension benefits.

BP is funded through the State budget. The present amount of BP is MVR 5,000 paid monthly for life, beginning from the age of 65.

The Pension Office is funded through administration fees collected from the members of the MRPS. The current rate of fee is 0.60% charged on members' Retirement Savings Account (RSA) balances.



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2. Key Objectives

The objective of the audit is to express a professional opinion on the Financial Statements of the Maldives Retirement Pension Scheme (MRPS) and the Maldives Pension Administration office (MPAO). These Financial Statements, consist of the Statement of Profit or Loss, Statement of Financial Position, Statement of Changes in Funds and Reserves, Statement of Cash Flows and notes, comprising a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standard (IFRS).

The Auditors are also required to express a professional opinion on the soundness of the internal systems of control, and compliance with the Institute's Rules and Regulations.

3. Scope of Work

The auditor is required to:

- Perform an audit of the MRPS and MPAO annual financial statements presented by management.
- Carry out the audit in accordance with the International Standards on Auditing (ISA), including necessary tests and verification procedures.
- Confirm that the financial statements are prepared in accordance with applicable accounting standards and provide a true and fair view of the underlying transactions.
- Verify that all funds have been used in compliance with the institute's established policies and regulations and only for their intended purposes.
- Ensure that all goods and services financed have been procured according to the established rules, policies, and procedures.
- Confirm that all necessary supporting documents, records, and accounts related to all activities are maintained.
- Conduct a comprehensive assessment of the adequacy and effectiveness of the accounting and overall internal control system.
- Hold entry and exit meetings with the management of the Institute.
- Complete the audit work and issue the Auditor's Reports by March 31 of the following year.

In addition to the audit report, the auditor shall prepare a management letter based on the following.

- Provide comments and observations on the accounting records, procedures, systems, and controls that were examined during the course of the audit.
- Identify specific deficiencies and areas of weakness in control systems and offer recommendations for improvement.
- Communicate matters that have come to their attention during the audit which may have a significant impact on the sustainability of the institute.
- Bring to Management's attention any other matters that the auditors consider pertinent.
- Confirm that, where designated accounts have been used, they have been maintained in accordance with applicable standards.

The auditor is required to submit the Management Letter to the Pension Office by March 31 of the succeeding year.

4. Accounting records and Applicable Framework

The Pension Office and MRPS are two separate accounting entities and records are maintained in separate sets of books.

The accounting framework used in both entities is International Financial Reporting Framework (IFRS). The Accounting Year is 12 months ending on 31 December. In cases where alternative directives are issued by the CMDA or if there is a change to the law such directives or changes will prevail over IFRS.

The MPRS consists of four portfolios; Investment Fund, Shariah Fund, Conservative Fund and Sharia Retirees Fund.

The MPRS is a unitized fund where members purchase at fund price when making contributions and sell units to the fund when pensions and other disbursements are made. Each of the funds are valued and unit price determined on a daily basis, which will be in turn used to value purchases, sales and members balances.

MPRS consist of Recognition Bonds (RB) for eligible MRPS members. RBs are bonds issued by the Government as compensation for accrued rights of eligible members.

The collateralization deposits are maintained by MRPS for those members who applied to utilize their RSA for home purchase financing.

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Past Financial Statements and Audit Reports of MRPS and Pension Office are available on <https://beta.pension.gov.mv/en/downloads/publications/annual-reports>

5. Working Arrangements and Access to Records

All reasonable and customary assistance and accounting records will be provided by the Pension Office to conduct the audit along with working space within the Pension Office premises, during normal working hours (8 am to 4 pm, Sunday to Thursday) excluding public holidays.

Access to computer networks or data and information will be made available under supervision of a Pension Office staff.

6. Deliverables

The auditor is expected to present the following:

1. An opinion on the Financial Statements prepared by the Institute which includes;
 - a. A Statement of Profit or Loss for the period;
 - b. A Statement of Financial Position at the end of the period;
 - c. A Statement of changes in funds and reserves and a Statement of Cash Flow; and
 - d. Notes, comprising a summary of significant accounting policies and other explanatory notes.
2. Management Letter.

7. Duration of Service

The External Auditor will be appointed for a period of three(3) years, to audit the financials of fiscal years 2024 to 2026.

8. Eligibility

- The auditor must be completely impartial and independent from all aspects of management or financial interests of the Institute.
- The auditor shall not, during the period covered by the audit nor during the undertaking of the audit, be employed by, serve as advisers or mentors for, or be members related to the Council of the Institute.

- The auditor shall be licensed by the Institute of Chartered Accountants of the Maldives and must demonstrate that employs adequate staff with appropriate professional qualifications and suitable experience in accounting and auditing the accounts of entities comparable in size and complexity to the Institute.
- The licenced auditor shall not be a member of the Council or a member of a committee of the Institute or a firm represented by a member of the Council or a member of a committee of the Institute.
- Curriculum Vitae (CVs) must be provided to the Institute by the Partner(s) of the firm of auditors who shall be responsible for signing the opinion, together with the CVs of key personnel.
 - 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.
 - The Auditor currently engaged with the MRPS and Pension Office external audits is not eligible for this invitation.

9. Bid Proposals

The Bid Proposals must consist of the following.

a. Technical Bid

The following minimum information should be furnished in the Technical Bid:

- Valid audit license issued by CA Maldives.
- Audit methodology and work plan to complete the audits within the set deadline.
- Profile of the audit team, team leader, engagement partner and engagement quality review partner with qualification and relevant audit experience.
- Description of external audits of pension schemes or other financial institutions (including total fee per year) conducted during the past 6 years.



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b. Financial Bid

- The Financial bid must indicate the proposed total fixed fee and out-of-pocket expenses for each year. A breakdown of these anticipated disbursements must be provided.
- Pricing must be inclusive of all costs, including taxes, fees and any other costs necessary to perform the audit service.
- The bidders are required to quote price in Maldivian Rufiyaa (MVR).

10. Disqualification

Proposals will be disqualified or excluded under the following conditions.

- Submission of the bids after the deadline.
- Incomplete or ineligible proposals.
- Submission of incorrect or fraudulent information.

11. Bid Evaluation

The proposals will be reviewed and evaluated by the Procurement Committee of the Pension Office.

The Technical Bid will be opened before the Financial Bid. The Financial Bid shall not be considered in case the Technical Bid does not receive the minimum qualifying marks of 50% assigned for this category (i.e. 50% from 60%).

Pension Office will consider factors to evaluate the capacity and capability of the external audit firm including but not limited to audit fees, duration, industry knowledge and expertise, reputation, proposed methodology, etc.

12. Evaluation Criteria

a. Technical Bid (Weight: 60%)

- Adequacy of Audit Methodology and Work Plan.
- External Audit Experience of the firm.
- Diversity and Experience of audit team, team leader, engagement partner and engagement quality review partner.
- Evidence of experience in auditing pension schemes or other financial institutions.

b. Financial Bid (Weight: 40%)



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13. Important Information

- Each audit firm shall submit only one proposal.
- It is the responsibility of prospective bidders to ensure that their bid documents are completed and submitted before the closing date and time of the bid.
- Only eligible bidders shall be informed, notified or contacted.

14. Award of the Contract

The contract will be awarded for the successful bidder only after all bid evaluations are completed and the selection of the Auditor is approved by the Board of Pension Office.

15. Disqualification

The proposals will be disqualified or excluded from evaluation under the following circumstances.

- Submission of the proposal after the deadline.
- Incomplete or ineligible proposals.
- Submission of incorrect or fraudulent information.

16. Deadline and Proposal Submission

Deadline for submission of the Proposal is 27th June 2024(12pm).

All Proposals must include hard copies of separate sets of documents in a sealed envelope for Technical Bid and Financial Bid.

Proposals must be addressed and submitted to:

*Maldives Pension Administration Office
Allied Building
Chaandhanee Magu
Male', Maldives*

17. Queries

If there are any queries regarding this consultancy, please email to: info@pension.gov.mv



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Title	TOR 2024 external audit
Filename	TOR 2024 external audit.pdf
Document ID	6hQ93ZhpHZbikyIUC31pP4Y8
Audit Trail Date Format	DD / MM / YYYY
Status	Completed

Document History

 VIEWED	Invalid Date Invalid Date	Viewed by Hawwa Fajuwa (hawwa.fajuwa@pension.gov.mv).
 SENT	10 / 06 / 2024 09:35:10 UTC+00:00	Sent for signature to Saudhoon Aboobakuru (saudhoon.aboobakuru@pension.gov.mv).
 VIEWED	10 / 06 / 2024 09:35:23 UTC+00:00	Viewed by Saudhoon Aboobakuru (saudhoon.aboobakuru@pension.gov.mv).
 SIGNED	10 / 06 / 2024 10:11:43 UTC+00:00	Signed by Saudhoon Aboobakuru (saudhoon.aboobakuru@pension.gov.mv).
 SENT	10 / 06 / 2024 10:11:43 UTC+00:00	Sent for signature to Hawwa Fajuwa (hawwa.fajuwa@pension.gov.mv).
 SIGNED	10 / 06 / 2024 10:13:00 UTC+00:00	Signed by Hawwa Fajuwa (hawwa.fajuwa@pension.gov.mv).