



Ministry of Finance
Republic of Maldives

Public Financial Management Systems Strengthening Project

Terms of Reference for IFRS-Compliant Financial Statement Audit Consultancy (International)

WB Ref No: MV-MOFT-158741-CS-INDV-2

A. Background

The Government of Maldives (GoM) has been undertaking several initiatives towards reforming various Public Financial Management (PFM) functions in order to enhance budget credibility, transparency, financial reporting and controls of central government finances. As such, the Ministry of Finance (MoF) has been implementing the Maldives Public Financial Management Systems Strengthening Project (*PSSP*) funded by The World Bank since 2014.

Recognizing the need towards a more inclusive and holistic approach to PFM reform, the project has expanded now to include additional direct beneficiaries such as the Auditor General's Office (AGO). In line with this, the PSSP now intends to apply part of the proceeds towards the cost for strengthening practices at the AGO to conduct IFRS-compliant financial statement audits.

Under the Audit Act (4/2007), Auditor General is entrusted with the responsibility of conducting audits of State-owned enterprises (SOEs). Since 2012, AGO has been carrying out financial statement audits of SOEs via global audit firms operating in the country, under a Tripartite arrangement (an arrangement where AGO, audit firm and the SOE enter into a contract for the audit service).

However, AGO directly carries out the financial statement audits for some small and medium SOEs. There is a need to review AGO's current practices for the in-house IFRS-based financial statement audits. In this regard, AGO, through the PSSP is seeking consultancy services of a well experienced individual for IFRS-compliant financial statement audits. He/she must either be a one who has the experience of working in a Supreme Audit Institution (SAI) or in a global audit firm in the said sphere.

B. Objective of the Consultancy

The main objective of this assignment is to enhance the capacity and improve the practices of AGO in-house IFRS-compliant financial statement audits.

C. Scope of Services

The assignment will be primarily focused on providing technical support, training and consulting services to the Auditor General's Office under four activities that are discussed below.

1. Reviewing current practices

Financial statement audits of SMEs within the SOEs have been carried out in-house for few years. These audits are carried out based on International Standards on Auditing (ISAs). However, the AGO feels that the current practices need enhancements. Therefore, the consultant is required to review the current practices of in-house IFRS-compliant financial statement audits conducted by the AGO and produce a report of findings and suggestions for improvements.

2. Developing a financial audit guide for audit of SMEs within SOEs

Following the review of current practices, in addition to providing technical assistance to implement mutually agreeable enhancements from amongst the ones identified through the baseline assessment above, the Consultant shall produce an audit guide for IFR-compliant audits that pull together the materials that the staff members are using currently with enhancements he/she would like to incorporate. The financial audit guide as such shall be ISAs-compliant.



3. Workshop(s)

During or upon completion of developing the Financial Audit Guide, the Consultant shall conduct workshop(s) in addition to hands-on training that could form part of the three pilot audit assignments discussed below.

4. Pilot Audits

The Consultant shall provide on and off the field technical assistance to conduct the three pilot audits in accordance with the Audit guide that shall be developed under activity two above. Pilot audits involve guiding, supervising and providing feedback to the audit teams as they carry out the pilot audits.

D. Deliverables and Payment Schedule

#	Deliverable	Number of Experts and Duration	Payment breakdown
1	<p><u>Reviewing Current Practices</u> Carry out an assessment of current practices and producing and discussing a report on assessment of current practices and suggestions for improvements with the SOEs' Audit Department.</p> <p><i>Report of assessment of current practices and ways to enhance them shall be presented to the SOEs Audit Director for furnishing payment.</i></p>	1 expert for 1 month	10% of the Contract Price
2	<p><u>Developing a Financial Audit Guide</u> Develop and submit an IFRS-compliant financial statement audit guide for SMEs within the SOEs. Such a guide shall be developed taking into account the current work practices at the AGO and the requirements of ISAs.</p> <p><i>Financial Audit Guide for SMEs to be delivered to the SOEs Audit Director to furnish payment for this deliverable.</i></p>	1 expert for 3 months	20% of the Contract price
3	<p><u>Conducting workshops on the IFRS-compliant Financial Statement Audit Guide</u> Completion of two workshops in a class room for the SOE Audit Department staff members on the Audit guide developed. Objectives of the workshops include disseminating knowledge and practical application of the Guide.</p> <p><i>An approval letter of the AGO, stating that the workshops have been conducted to its satisfaction is required for furnishing payment for this deliverable.</i></p>	1 expert for 1-2 weeks	20% of the Contract Price
4	<p><u>Pilot Audits</u> The Consultant shall guide, supervise and provide feedback to the audit teams of SOEs Audit Dept. for three IFRS-compliant financial statement audits. This assistance requires on and off the field assistance as the audits are being carried out.</p> <p><i>A report shall be prepared and submitted, consisting of feedback on three IFRS- compliant financial statement audits of SOEs for furnishing payment for this deliverable.</i></p>	1 expert for 6 months	50% of the Contract Price



E. Reporting Requirements

The Consultant shall report directly to Mr. Ibrahim Fazeel, Director of Audit - SOEs at the Auditor General's Office.

F. Qualifications and Experience of the Consultant

- Minimum 10 years work experience of which at least 3 years in an audit manager or partner position
- Must have worked either at a Supreme Audit Institution (SAI) or at global audit firm in the sphere of IFRS-compliant financial statement audits;
- Must be a Member of a Professional Accountancy Organization (PAO) recognized by the International Federation of Accountants (IFAC);
- Comprehensive knowledge and understanding of International Financial Reporting Standards (IFRS);
- Knowledge of using computer aided audit techniques (CAATs);
- High-level of proficiency in written and spoken English and report writing; and
- Proficient in use of MS Word, Excel, Power Point.

G. Contract Duration

The assignment is anticipated to be completed within a period of 12 months.

The assignment is expected to commence in April 2021.