



Capital Market Development Authority
Republic of Maldives

Terms of Reference

External Audit Service

The Capital Market Development Authority ('CMDA' or 'the Authority') is mandated by law with developing and regulating the capital market of the Maldives, whereby it conducts market awareness activities and regulates securities issuers, the stock exchange, and other licensed entities. The Authority also carries out supervisory activities of the Maldives Retirement Pension Scheme, with powers conferred by Maldives Pension Act (8/2009).

1. OBJECTIVE OF THE EXTERNAL AUDIT

The objective of the external audit is to express a professional opinion on the Financial Statements of the Authority. These Financial Statements, among others, consist of the Statement of Comprehensive Income, Statement of Financial Position, and Statement of changes in equity and Cash Flow Statement 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, compliance with the Public Finance Regulation.

2. AUDITING STANDARDS

The external audit is carried out in accordance with International Standards on Auditing (ISA) and includes such tests and auditing procedures, as the auditor considers necessary for the assignment.

3. SCOPE OF WORK

The auditor is required to:

- a) carry out audit in accordance with the International Auditing Standards (IAS) and include tests and verification procedures as deemed necessary;



- b) verify all funds have been used in accordance with the established rules and regulations of the Authority and only for the purposes for which the funds were provided;
- c) give assurance that all goods and services financed have been procured in accordance with the Authority's established rules, policies and procedures;
- d) confirm that all necessary supporting documents, records and accounts relating to all activities are maintained and clear linkage exist between the books of accounts and the financial statements presented;
- e) confirm that the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the underlying transactions;
- f) conduct a comprehensive assessment of the adequacy and effectiveness of the accounting and overall internal control system to monitor expenditures and other financial transactions are in accordance with finance related policies and procedures of the Authority;
- g) conduct entry and exist meeting with the management of CMDA;

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

1. Give comments and observations on the accounting records, procedures, systems, and controls that were examined during the audit.
2. Identify specific deficiencies and areas of weakness in control systems and make recommendations for improvement.
3. Report on the implementation status of recommendations pertaining to previous period audit reports (additional point).
4. Communicate matters that have come to their attention during the audit which might have a significant impact on the sustainability of the organization.
5. Bring to the Management's attention any other matters that the auditors consider pertinent.
6. Confirm that where designated accounts have been used, they have been maintained in accordance with the provisions of the relevant laws and regulations.

4. AUDIT REPORT

The auditor is expected to present the following;

- a) An opinion on the Financial Statements prepared by the Authority which includes;
 - i. a Statement of Profit or Loss and Other Comprehensive Income for the period and
 - ii. a Statement of Financial Position at the end of the period and
 - iii. a Statement of changes in equity for the period and a Statement of Cash Flow; and



- iv. Notes, comprising a summary of significant accounting policies and other explanatory notes.
- b) An opinion of the statement of receipts and disbursements of Capital Market Development Trust Fund (CMDTF) prepared by the Authority; and

The opinion on the Financial Statements shall contain;

- a) a professional opinion on the financial statements and supporting schedules as regard to their true and fair view;
- b) accounting standards and Financial Rules and Regulations that have been applied indicating the effect of any deviations from them;
- c) the International Audit standards that were applied;
- d) whether the Cash Flow Statement and supporting schedules present fairly, the cash receipts and disbursements of the funds and whether they were utilized for the purpose for which they were intended for; and
- e) Include all other requirements of cooperating partners as stated in the various cooperating agreements.

5. MANAGEMENT LETTER

A Management Letter must be prepared and submitted by the auditor, which discusses the findings and recommendations for improvements in internal control that were identified during the audit.

6. FINANCIAL RECORDS

The financial records maintained by the Authority are usually as follows.

- a) Invoices and receipts of services provided
- b) Invoices for goods, services, and other purchases
- c) Bank account statements
- d) Credit card statements
- e) All financial statements (Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Cash Flows, and Statement of Changes in Equity)
- f) Records of payments made to employees plus payroll source deductions submitted on behalf of the employees
- g) Assets Register
- h) Payment Vouchers
- i) Statement of Holdings related to investment made on Treasury Bills



7. REPORTING

The auditor is expected to submit the final version of the audited financial statements together with the auditor's report and the management letter within 3 months after the end of the respective fiscal year.

8. AUDITOR'S QUALIFICATIONS

- a) The auditor must be completely impartial and independent from all aspects of management or financial interests of the Authority;
- b) 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 have any financial or business relationships with the Authority;
- c) The auditor shall be a licensed firm who holds a valid license to practice statutory audits issued by Institute of Chartered Accountants of Maldives (CA Maldives);
- d) The auditor must demonstrate that it 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 Authority;
- e) Has completed at least 3 external audit assignments¹.

9. LETTER OF ENGAGEMENT

A formal letter of engagement specifying the scope of audit shall be prepared and signed between the Authority and the Auditor prior to the beginning of the assignment. The letter of engagement shall also clearly spell out the responsibilities of the two parties.

10. PAYMENT PERIOD

The period for payment shall be 14 days from issuance of invoices.

11. AUDIT FEE

1. Audit fee must be stated in Maldivian Rufiyaa.
2. No variation can be brought to the audit fee after the signing of the contract.
3. Audit fee must be inclusive of all applicable taxes in Maldives.

¹ Only External Audit assignments of government agencies, public companies and international organisations will be considered for evaluation purpose.

12. ENGAGEMENT PERIOD

Selected party will be signing a contract with the CMDA to conduct a Financial Audit for the years 2021 to 2023.

13. AMMENDMENTS OF PROPOSAL DOCUMENTS

At any point in time prior to the deadline for submission of bid proposals, CMDA may for any reason, whether at its own initiative or in response to a clarification requested by a prospective bidder, modify the proposal documents by issuing an addendum.

All addenda shall be posted on the CMDA website <http://www.cmda.gov.mv>. All bidders wishing to be notified of any addendum should provide their name and email address to CMDA.

In order to afford prospective bidders reasonable time in which to take the amendments into account in preparing their offers, CMDA may, at its discretion, extend the deadline for the submission of proposals.

14. FORMAT AND SCALING OF BIDS

The bidder shall submit the proposal in a **sealed envelope** on the closing date and time referred below to the following address.

Capital Market Development Authority

H. Orchid, 3rd Floor

Ameer Ahmed Magu

Male'

The outer envelope should be clearly marked in the top right-hand corner "EXTERNAL AUDIT SERVICES – Ref No: (IUL)179-3-3/1/2021/40" - DO NOT OPEN BEFORE **15th December 2021** 10:00am hours (Local Time).

Financial and Technical Proposals should be submitted in separate envelopes.

***NOTE:** If the envelopes are not sealed and marked as per the instructions in this clause, CMDA will not assume responsibility for the proposal's misplacement or premature opening and may reject the proposal.*



15. DEADLINE FOR SUBMISSION OF PROPOSALS

The deadline for the submission of proposals is **15th December 2021** at 10:00 hours (Local Time).

16. LATE SUBMISSIONS

Any proposals received by CMDA after the deadline for submission of bids shall be rejected. There shall be no exception to this requirement.

17. EVALUATION AND COMPARISON OF PROPOSALS

To assist in the examination, evaluation, and comparison of bids, CMDA may ask the bidder for clarification of its bid. The request for clarification and the response shall be in writing and no change in price or substance of the bid shall be sought, offered, or permitted.

- a) Proposals determined as not substantially conforming will be rejected by the CMDA and may not subsequently be made to confirm by the bidder by correction of the non-conformity.
- b) The bidder that has offered what is adjudged to be the best technical and financial offer will be offered the contract;
- c) If the bidder that offered what was adjudged to be the best technical and financial offer declines to accept the offer, then the bidder that is adjudged to have offered the second best technical and financial offer will be offered the contract; and
- d) Each proposal shall be evaluated by a selection committee utilizing a number of criteria, as specified below.

The weightage given to evaluation criteria are:

#	Details	Weight (%)	
A	Financial Proposal		60
B	Technical Proposal		40
	1. Adequacy of the proposed work plan and methodology.	10	
	2. Adequacy of the proposed Audit field work team. <i>Team should consist of at least 3 members (Engagement partner, Audit Manager, and Audit Field worker) and points will be given to all team members and an average will be considered</i>	10	
	3. Firm's experience in conducting External Audit.	20	
	Total		100



A. Financial Proposal – 60 Marks

$$\frac{\text{Proposed lowest price}}{\text{Proposed price}} \times \text{total marks}$$

B. Technical Proposal – 40 Marks

1. Adequacy of the proposed work plan and methodology – 10 Marks

- I. Work Plan – 5 Marks
- II. Methodology – 5 Marks

2. Adequacy of the proposed Audit field work team – 10 Marks

- I. Membership of an IFAC body = 2.5points
- II. Fellow membership =2.5 point
- III. Post Fellowship experience = (years of post fellowship experience /highest no of years of post fellowship experience)*5

C. Firm’s experience in conducting External Audit – 20 Marks

Audit Assignments	Score
3	3
4	5.5
5	8
6	10.5
7	13
8	15.5
9	18
10	20

(Experience will be counted based on reference letters)

- CMDA will use a combined scoring method, in which the financial proposal will be weighted at 60% and technical proposal at 40%.
- To qualify for financial evaluation, technical proposals should obtain a minimum of 65 % of the allocated marks for the technical evaluation.

18. QUERIES

For any queries related to specifications of work or the TOR, kindly contact (+960) 3336619.



19. BID SUBMISSION

Bidders are advised to include (in their bid proposals) the following.

- a) Bid Proposal (Financial and Technical)
- b) CVs of Engagement Team - Curriculum Vitae (CVs) must be provided to the Authority by the Partner of the firm of auditors who shall be responsible for signing the opinion, together with the CVs of manager, audit field worker as part of the audit team. The CVs shall include details of audits carried out by the concerned staff, including ongoing assignments indicating capability and capacity to undertake the audit. - (True copies of the Academic Certificates and Copies of Supporting Documents.)
- c) Reference letters
- d) Description of the methodology for performing the assignment
- e) Company/Partnership Registration Certificate
- f) Licensed Copy (CA Maldives)
- g) GST Registration Certificate
- h) Shareholders/Partners Details

02.12.2021

