



INVITATION FOR SUBMISSION OF PROPOSALS TO CONDUCT EXTERNAL (FINANCIAL AUDIT) AUDIT OF MPAO AND MRPS

ADDITIONAL INFORMATION ISSUED IN RELATION TO ANNOUNCEMENT

REF: 216-MPAO/IUL/2018/40, DATED 09TH AUGUST 2018

1. Maldives Pension Administration Office and Schemes under administration

- 1.1. Maldives Pension Administration Office (MPAO) is established under the Pension Act 8/2009. Under the Act, MPAO is mandated to administer two pension schemes; Maldives Retirement Pension Scheme (MRPS), and Old-age Pension Scheme.
- 1.2. 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) on the basic salary. The contributions collected are invested and on retirement distributed to the members as pension payments.
- 1.3. Old-age basic pension is a demogrant funded through government budget. The present amount of demogrant is MVR2,300 paid monthly for life, beginning age 65.
- 1.4. MPAO is funded through administration fee collected from the members of the MRPS. The current level of fee is 0.60% on members balance.

2. Accounting and Applicable Accounting Framework

- 2.1 MPAO and MRPS are two separate accounting entities and two sets of books are maintained for each of the entities.
- 2.2 The accounting framework used in both entities is International Financial Reporting Framework (IFRS). The accounting year is 12 months ending 31 December. In case where alternative directives are issued by the Pension Regulator such directives will prevail over IFRS.
- 2.3 MPRS is composed of four funds; Investment fund, Sharia fund, Conservative Portfolio, Conservative Sharia fund.
- 2.4 MPRS uses unitized fund accounting concept where members purchase units from the respective fund at fund price when making contributions and sell units to the fund when pensions and other distributions 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.

- 2.5 MPRS also maintains Recognition Bonds for eligible MRPS members. Recognition Bonds are bonds issued by Government of Maldives as compensation for accrued service rights for eligible members. The Bonds earn interest at rates agreed between Ministry of Finance and MPAO.
- 2.6 Past year's MRPS Financial Statement and audit reports are available from MPAO website.

3. Auditor Rotation Policy

- 4.1 In accordance MPAO auditor rotation policy, auditors are appointed for 3 years. Auditors who were engaged with audit of MPAO and MRPS external audit for the last consecutive three years are not eligible for this audit cycle.

4. Minimum Information in proposal

- 4.2 The following minimum information should be furnished in the proposal;
- 4.2.1 Company profile
 - 4.2.2 Audit methodology and work plan
 - 4.2.3 Profile of audit team and team leader
 - 4.2.4 Price sheet in accordance with Annex 1

5. Accounting Period and Completion of Audit

- 5.1 The accounting period of MPAO and MRPS is 12 months ending 31 December. Audit work should be completed and audit report issued before 15 March following the end of accounting period.

6. Working Arrangements

- 6.1 All reasonable and customary assistance will be provided by MPAO for smooth conduct of the audit work.
- 6.2 Reasonable working space shall be provided within the MPAO Office premises. Under normal circumstances excess to MPAO premises shall be restricted to working hours only. MPAO's working hours are 8 am to 4 pm, Sunday to Thursday excluding public holidays.
- 6.3 Excess to computer networks or data will be made available under supervision of MPAO staff. For this purpose, if required access to Desktop Computer shall be facilitated.

7. Auditor General Office (AGO) Involvement in MPAO Financial Statements Audits

- 7.1 With the objective to strengthen the capacity of the Auditor General's Office as the State Auditor to audit the financial institutions of the Government of Maldives MPAO and AGO jointly have made a decision to involve AGO during the MPAO Financial Statement audit.
- 7.2 Under this arrangement the following will apply;

Audit Planning: Audit Plans developed by the engagement audit firm to be submitted for AGO's review and comments. AGO senior staff to be invited as observers to the MPAO Board / Audit Committee meeting to discuss engagement plan.

Field work: To develop the technical competency of AGO staff it is proposed that AGO staff be seconded to work with the appointed audit firm on specified areas of the audit subject to discussion and consent with MPAO and the appointed audit firm. Staff members at AGO could be given specific account areas by the appointed external auditor to undertake control and detailed substantive testing. Details including level of involvement, areas to be assigned, timing to be decided in consultation with MPAO and appointed external auditor.

Reporting: AGO to be provided with Draft Management Letters and Draft Audit Reports for AGO to review and provide and comments. AGO staff members to be invited as Observers to the meeting with MPAO Board / Audit Committee to discuss issues related audit findings stated in the ML / Audit Report.

8. Evaluation Criteria

Experience (Weight:50)

General External Audit Experience

Evidence of experience in auditing pension schemes

Diversity and Experience of Audit Team

Adequacy of Audit Methodology and Work Plan

Price (Weight: 50)

Annex 1: Price Sheet

EXTERNAL (FINANCIAL AUDIT) AUDIT OF MPAO AND MRPS

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PRICE SHEET

	MPAO	MRPS	TOTAL
Audit Fees (MVR)			
GST			
Total			
Audit Fees (USD)			
GST			
Total			