

TERMS OF REFERENCE

PROVISION OF INTERNAL AUDIT SERVICES TO MALDIVES PENSION ADMINISTRATION OFFICE

Background

The Maldives Pension Administration Office (MPAO) is established by the Maldives Pension Act 8/2009. Under the Act, MPAO is mandated to administer two pension schemes. They are;

- Maldives Retirement Pension Scheme (MRPS)
- Old-age Basic Pension Scheme

These Terms of Reference are intended to provide a scope of work and deliverables to appoint Internal Auditors in accordance of Internal Audit Charter of MPAO for the provision of Internal Audit Services for a period of three (3) years and should focus on transactions starting from Jan 2015 to June 2017.

Under this Terms of Reference, in consultation with the Audit and Risk Management Committee, the Internal Audit Service Provider will perform the following;

1. Identify and assess the internal control weakness in contribution collection, investment process; valuation, benefit disbursement and recordkeeping and accounting.
2. Make an assessment of the control environment and processes and provide recommendations for improvement.

Competence requirements of Internal Audit Service Provider

The bidder should meet the following competency requirements:

1. Be competent in the professional practice of internal auditing;
2. Be certified audit professional, e.g. CIA, CA or CISA, who possesses current knowledge of the Standards;
3. Be well versed in the best practices of the profession; and
4. Has at least three (3) years of recent experience in the practice of internal auditing.

Other Conditions

- Same or similar experience in auditing information management system
- The Internal Auditor Service Provider may not assign, in whole or in part, any of its obligations to perform to a third party, unless the Audit and Risk Management Committee has prior to the assignment, consented in writing to the assignment.

Deliverables of the Internal Audit Service Provider

The following deliverables are expected from the Internal Audit Service Provider:

1. Prepare a final report to the Audit and Risk management committee that identify and assess the major internal control weakness in contribution collection process, valuation process, investment process, payment disbursement process, recordkeeping and accounting process.
2. Provide recommendations to ensure that proper controls exist to ensure that integrity of final reports, major fraud are detected and addressed, that fund is managed in efficiently in the best interest of the members and that the fund administration is in compliance with the Pension Act and other applicable regulations.

Suggested Audit Plan

<i>Area of Audit</i>	<i>Scope of Work</i>	<i>Timeframe</i>
Contribution Collection and reconciliation	<ol style="list-style-type: none"> 1. Ensure that appropriate controls exist in; <ol style="list-style-type: none"> 1.1. Employer registration. 1.2. Member registration. 1.3. Statement of pension contribution. 1.4. Collection of payments from employers. 1.5. Allocation of collections to individual members. 1.6. In dealing with fines, excess collections and adjustments. 1.7. Request, approval and settlement of contribution refund process 2. Review the accuracy and completeness of the process to ensure compliance with the Pension Act and Regulations. 3. Ensure that appropriate controls exist in crediting contribution, reconciliation and transfers from Contribution Collection Account (CCA) 	<p>6ME 30 June 2015 Report due August 2015</p> <p>6ME 31 Dec 2015 Report due Feb 2016</p> <p>6 ME June 2016 Report due August 2016</p> <p>6 ME Dec 2016 Report due Feb 2017</p>
Valuation	<ol style="list-style-type: none"> 1. Ensure that appropriate controls exist with regard to all portfolios under management; <ol style="list-style-type: none"> 1.1. In recording of purchases and sales of investments. 1.2. In collection of payments when investments fall due. 2. Ensure that the valuation methods are appropriate 3. Provide assurance on the integrity of valuation information generated. 4. Determine that proper documentations are kept in an orderly manner. 	<p>6ME 30 June 2015 Report due August 2015</p> <p>6ME 31 Dec 2015 Report due Feb 2016</p> <p>6 ME June 2016 Report due August 2016</p> <p>6 ME Dec 2016 Report due Feb 2017</p>

Investment process	<ol style="list-style-type: none"> 1. Determine that; <ol style="list-style-type: none"> 1.1. the investment process is in compliance with the Act and regulations. 1.2. it is done in an orderly and transparent manner. 1.3. the information is shared with the Custodian in accordance with the Act and regulations. 1.4. the investment reporting process is in compliance with the Act and regulations. 1.5. due diligence is done on investments. 1.6. the investment team is competent and knowledgeable about fund management. 1.7. Adequate information is provided to the members on the risk and returns of the portfolio products on offer. 	<p>6ME 30 June 2015 Report due August 2016</p> <p>6ME 31 Dec 2015 Report due Feb 2016</p> <p>6 ME June 2016 Report due August 2016</p> <p>6 ME Dec 2016 Report due Feb 2017</p>
Benefit Disbursements	<ol style="list-style-type: none"> 1. Determine that; <ol style="list-style-type: none"> 1.1. The portfolio change is done accurately to ensure that appropriate amount transferred to the member account 1.2. That recognition bonds are cashed in accurately and in a timely manner to ensure that appropriate amount is transferred to the member balance. 1.3. Retirement benefits of regular payouts are accurately calculated and disbursed on a timely manner. 1.4. Death claims are processed accurately 1.5. Foreigners payouts are made accurately 2. Determine that proper controls exist <ol style="list-style-type: none"> 2.1. To ensure that payments are disbursed to the rightful recipient of the disbursement. 2.2. To ensure that any overpayments and erroneous payments are properly accounted for and appropriate measures are in place for recovery. 2.3. To ensure that critical member/pensioner information change such as (bank account information, identification, Date of Birth) are made properly and accurately 	<p>YE 31 Mar 2016 Report due May 2016</p> <p>YE 31 Mar 2017 Report due May 2017</p>

Recordkeeping and Accounting of MPAO and MRPS	<ol style="list-style-type: none"> 1. Ensure that sufficient documents are kept, transactions are measured completely and accurately to ensure the integrity of financial reports. 2. Fund accounts are properly disclosed in accordance with the Act. 3. Disclosure is appropriate and in compliance with international best practice and accounting standards and are sufficient. 4. Quarterly accounts and final accounts are prepared on time. 5. Any statutory reports are filed on time 6. Any customary reports to any relevant state agent are reported on time 	<p>YE 31 Mar 2016 Report due May 2016</p> <p>YE 31 Mar 2017 Report due May 2017</p>
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Duration of appointment

The internal audit service provider will be appointed for three years from the calendar year basis.

Fee

Interest and competent parties should propose an annual fee for the three years and payment terms.

Resources Provided by MPAO

MPAO shall provide working space inside our premises to the internal audit service provider to conduct their audits. Computers, stationeries, Internet access, food and beverages etc. shall not be provided.

Working Hours

The internal audit service provider shall conduct their audits at MPAO during the official working hours of MPAO.

Pre-Bid Meeting

Pre-bid meeting will be held on 10th June 2015; 11:00 a.m. at address given below;

**Maldives Pension Administration Office
Ameenee Magu
Male City
Maldives**

Tel: +960 330 9908, Fax: +690 330 7759, e-mail: admin@pension.gov.mv

Bid Submission

Bids should be submitted in sealed envelopes on the 17th June 2015; 11:00 a.m. and address to;

**Maldives Pension Administration Office
Ameenee Magu
Male City
Maldives**

Tel: +960 330 9908, Fax: +690 330 7759, e-mail: admin@pension.gov.mv

Please label the envelope with “**PROPOSAL FOR INTERNAL AUDIT SERVICE TO MPAO**” and indicate bidders name and address.

Information

For all your queries and clarification please e-mail to admin@pension.gov.mv