

**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//2015/32, DATED 08 JUNE 2015

1. Maldives Pension Administration Office and Schemes under administration

- 1.1. Maldives Pension Administration Office (MPAO) is established under the Maldives Pension Act (Law no. 8/2009). Under the Act, MPAO is mandated to administer two pension schemes; Maldives Retirement Pension Scheme (MRPS) and Old-age Basic 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 MVR 2,300 paid monthly for life, beginning at the age of 65.
- 1.4. MPAO is funded through administration fee collected from the members of the MRPS. The current level of fee is 0.90% 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 portfolios; Investment Portfolio, Sharia Portfolio, Conservative Portfolio and Conservative Sharia Portfolio.
- 2.4 MPRS uses unitized fund accounting concept where members purchase units from the respective portfolio at portfolio price when making contributions and sell units to the portfolio when pensions and other distributions are made. Each of the portfolios are valued daily and unit price determined, 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 of eligible members. The Bonds earn interest at rates agreed between Ministry of Finance and MPAO.
- 2.6 Summary Financial Statements are shown in annex 1

3. Auditor Rotation Policy

3.1 In accordance with CMDA GG code the auditor is changed every 5 years. Auditors who were engaged with audit of MPAO and MRPS external audit for the last consecutive five years are not eligible for this audit cycle.

4. Minimum Information in proposal

4.1 The following minimum information should be furnish in the proposal;

- 4.1.1 Company profile
- 4.1.2 Audit methodology and work plan
- 4.1.3 Profile of audit team and team leader
- 4.1.4 Price sheet in accordance with Annex 2

5. Accounting Period and Completion of Audit

5.1 The accounting period of MPAO and MRPS is 12 months ending 31 December.

5.2 This Audit work covers financial statements pertaining to three years – 2015, 2016 and 2017.

5.3 Audit work pertaining to each year should be completed and audit report issued before 15th April following the end of each accounting period.

6. Working Arrangements

6.1 All reasonable and customary assistance shall 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 access 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 Laptops or internet connections or stationery items shall not be provided.

6.4 Access to computer networks or data shall be made available under supervision of MPAO staff. For this purpose, if required access to Desktop Computer shall be facilitated.

7. 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: Summary Financial Statements

MPRS

Summary Financial Statements

	<u>2014</u>	<u>2013</u>
Contributions	809,554,917.00	749,062,730.00
Earning on Investment	460,731,761.00	323,358,422.00
Payouts	35,842,684.00	25,346,695.00
Accumulated Members' Balances	6,505,659,382.00	5,302,160,362.00

MPAO

Summary Financial Statements

	<u>2014</u>	<u>2013</u>
Total Income	31,800,155.00	23,865,010.00
Expenditure	26,441,671.00	18,752,522.00
Net Income over Expenditure	5,358,484.00	5,112,488.00
1.1. Total Assets	45,311,665.00	39,432,872.00

Figures in MVR. Detailed Financial Statements are published on the website; www.pension.gov.mv

Annex 2: Price Sheet

EXTERNAL (FINANCIAL AUDIT) AUDIT OF MPAO AND MRPS

REF: 216-MPAO//2015/32, DATED 08 JUNE 2015

PRICE SHEET

2015

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

2016

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

2017

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