

APPOINTMENT OF EXTERNAL AUDITORS—REQUEST FOR PROPOSALS FROM AUDIT FIRMS TO UNDERTAKE AUDIT SERVICES.

The Maldives Monetary Authority (MMA) is soliciting proposals from selected audit firms to provide audit services to the Bank for a period of [three] years starting 28th December 2009. The appointed firm shall conduct the annual audit and issue audit reports on the financial statements of the MMA. The proposal should be based on the work required for this engagement and identified in the **Statement of Work for Audit Services** dated 19th November 2009 (Attachment I)

Audit firms are invited to submit their proposal no later than 14:30 on 22nd December 2009. We expect to decide which firm, if any, to engage for purposes of this work by 24th December 2009 and that work will commence on 28th December 2009.

To ensure that the MMA receives proposals that meet established expectations and reflect a complete understanding of the work required, a pre-proposal meeting will be held at the MMA's headquarters building located at Majeedhee Building, Boduthakurufaanu Magu, Male', 20182, Maldives on 16th December 2009 at 11.00am. The meeting will be held in the Conference Room at the 8th floor and will last approximately one hour. Answers by the MMA's representatives to questions and comments raised at the pre-proposal meeting will not be issued in writing; therefore **attendance at the pre-proposal conference is mandatory**. Proposals submitted by firms that are not represented at the conference will not be considered. Audit firms are requested to respond with their firm's intention regarding attendance at the pre-proposal meeting with the number and names of representatives that will be attending. In addition, each firm is requested to submit all questions and comments on this request for proposal in writing to the attention of Mr. Fazeel Najeeb, Governor, Maldives Monetary Authority, Majeedhee Building, 20182, Male', Maldives; no later than 14:30 on 3rd December 2009. We will distribute, in writing, at the pre-proposal meeting, answers to questions and comments received.

The following information and instructions are provided to assist in preparing a proposal that will be acceptable to the MMA.

Organization of the Proposal

Proposals submitted in response to this RFP must be comprehensive and in sufficient detail for the Maldives Monetary Authority to easily understand all aspects. Responses should contain the sections described below. Responses that fail to adhere to or comply with the following format will not be considered.

1. Section I: Cover Letter

Section I, Cover Letter, must be signed by a person or persons authorized to submit the proposal and must delineate the representing firm's ability to fulfill the tasks outlined in the Statement of Work.

The cover letter must clearly identify the Offeror and indicate specific points of contact for discussions and clarifications of the proposal. Such points of contact will include names, titles, address (including email, if available), telephone, and facsimile numbers. A statement as to whether or not a conflict of interest might exist through the engagement of the firm for this work should be supplied in this section.

The cover letter must explicitly indicate if the Offeror does, or does not accept the MMA's standard contractual terms and conditions as identified in the RFP. In the event that the Offeror does not accept or wishes to discuss alternative terms and conditions, the Offeror must explicitly indicate which items are not accepted and propose specific alternative language as appropriate.

Past or current assignments which are similar in scope and content should be noted. Literature, references, and other information regarding the firm's capabilities should be presented in Section VI.

2. Section II: Executive Summary

Section II, Executive Summary, should provide an overview of the proposed work, which demonstrates an understanding of objectives of the tasks to be performed and describes the approach that will be taken to achieve these objectives.

3. Section III: Response to Statement of Work

Section III, Response to Statement of Work, should describe the methodologies that will be employed and the approaches that will be taken to complete the work and include a preliminary work plan which shows the phasing of the work to be accomplished and products to be delivered in accordance with the time frames referenced in the Statement of Work. It is expected that a final work plan with firm scheduling of tasks and deliverables will be agreed immediately following contract award.

4. Section IV: Management Plan

For each task proposed, Section IV, Management Plan, should indicate the level of effort (person hours) expected to be committed by the firm and list the categories and number of personnel (for example, Partner, Senior Accountant, Accountant) who would be assigned. The Management Plan should describe the role and responsibility of each member of the proposed project team, and include estimates by task of the level of effort proposed for each category of personnel. Resumes of personnel who would be assigned to the effort should be included in Section VI (Attachments). The MMA expects that all personnel proposed will, in fact, conduct the work.

If some or all of the proposed work is to be subcontracted to another firm or individual for any reason, Section IV must identify the work items that will be subcontracted, to whom, and the experience and qualifications of the firm or individual. Resumes for key subcontractor personnel should be included in Section VI (Attachments). The MMA reserves the right to preapprove all subcontractors.

5. Section V: Pricing

Section V, Pricing, must state all proposed pricing to complete the work, for each year of the work. Pricing information should not appear in any other section of the proposal. Proposal pricing is to be valid for a period of 120 days from the date of submission of the proposal. The MMA will not be responsible for any costs incurred by offerors in the preparation of their submissions.

Pricing of professional fees for the requested services is to be quoted on a fixed basis, for each of the three years involved. The composition of the proposed professional fees must be shown in two ways: (i) a schedule listing, for each category of personnel included in the proposed project team, the total estimated hours, hourly rate, and estimated total professional fees; and (ii) estimates of the professional fees for each task included in the proposed work plan in total and by category of personnel. Section V should also provide estimates of project-related expenses (for example, travel, courier), including a not-to-exceed amount representing a percentage of total proposed professional fees, and should propose a formula for the release of progress payments.

In addition, Section V must include a description of the facilities that the offeror would expect the MMA to provide (e.g., MMA office space for the project team, specifying duration and number of team members; telephone and other communications and computing facilities; etc.).

6. Section VI: Attachments

Section VI, Attachments, should contain supporting information referenced in other sections of the proposal. At a minimum, attachments will include: (i) the resumes of the personnel (including subcontractor personnel) proposed for the effort; (ii) a description of similar work performed for other organizations (samples of work products and a glossary of the specialized terminology that may be used in the proposal would be useful); and (iii) the names of at least three references for whom similar projects have been conducted and who can be contacted by the MMA (company name, address, telephone number and point of contact information is required).

Schedule Applicable to this Request for Proposal

The following schedule applies to this solicitation. This schedule may be modified at any time at the discretion of the MMA.

Release Date for Request for Proposal:	19th November 2009
Written Questions Submitted:	3 rd December 2009
Pre-Proposal Conference:	16th December 2009
Due Date for Response to the Proposal:	22nd December 2009
Selection of Contractor by:	24th December 2009

Proposal Submission

Proposals submitted for consideration are to be **received in a sealed package** containing one original (clearly marked: ORIGINAL) and two complete copies on or before 14:30 hours on 22nd December 2009. Proposals should be delivered to the following address:

Maldives Monetary Authority
Majeedhee Building
Male' 20182
Republic of Maldives

Proposal Evaluation

Proposals will be reviewed by the Bid Evaluation Committee of the MMA, on the basis of the criteria listed below, and the contract will be awarded to the firm that submits a fully responsive proposal. The criteria are in random order of importance.

a. International Orientation

Knowledge of international accounting (International Financial Reporting Standards and International Accounting Standards) and auditing standards and practices are important. Experience with application of these standards in other central banks is relevant. The combination of knowledge and experience in order to interpret the international accounting standards to the particular circumstances of the MMA is an important factor.

b. Personnel Assigned to the Team

Experience, professional reputation, training, and background of the proposed team are important factors in the evaluation of the proposal. The knowledge and integration of specialists of the audit team are important. The competence, motivation, and continuity of the personnel assigned to the audit team are also important factors.

c. Industry Expertise

The expertise of the audit firm as it relates to the principal business of the MMA will be evaluated. Knowledge of international financial transactions and how to audit central banks will be considered.

d. Ability to Relate to the Bank

An understanding of the MMA's business by the audit firm, as evidenced in the written proposals and possible subsequent presentation, will be a factor in the selection of the audit firm. The adaptation of the proposed audit team, the audit approach, and the overall philosophy on auditing will be considered.

Relationship of Parties

The parties intend that the appointed firm shall perform the services provided for and described herein solely as an independent contractor of the MMA and neither the firm nor any of its agents, employees or servants shall be considered an agent or employee of the MMA.

Contract Termination

Termination for Convenience:

Should either party wish to terminate the contract, they shall inform the other party to the agreement in writing 3 (three) months before the intended termination.

Termination shall be effective only after communication of written consent from both parties on agreed terms of such termination.

Invoicing

The Contractor agrees to submit itemized invoices to:

Maldives Monetary Authority
Majeedhee Building
Male', 20182
Republic of Maldives

The firm shall itemize time spent on the project on each invoice and each invoice must reference any applicable Contract/Agreement number. Invoiced amounts will be paid Net, thirty (30) days from receipt and approval. Invoice approval will not be unreasonably withheld.

Ownership

The MMA shall have the exclusive ownership of and right to use any documents or other tangible products of the services provided for herein, except to the extent that they incorporate property already owned by any other party including the audit firm. The audit firm shall inform the MMA of such ownership, shall license or obtain any necessary license for the MMA's use of such property, and shall hold the MMA harmless from any claims for unauthorized use of such property.

Disputes

Any dispute arising out of the performance of the Agreement shall be settled by mutual discussion. In any case if the parties fail to settle the dispute by mutual discussion the parties to the Agreement shall have the right to settle the matter through the Courts of the Republic of Maldives.

Assignment

The audit firm shall not, without the prior written consent of the MMA, assign, transfer, pledge, hypothecate or otherwise encumber its rights to receive payments from the MMA under the Agreement for any reason whatsoever.

Confidential Information

The Audit firm acknowledges that while executing the performance of the audit all the information verbal or written shall be treated as confidential for the purpose of the contract.

The Audit firm agrees to hold the confidential information in strict confidence and shall use it only for the specific purpose necessary to perform the audit.

The Audit firm shall not release, divulge, publish, transfer, sell, disclose or otherwise make the confidential information known to any other entity or person.

The audit firm agrees to implement physical, electrical or managerial safeguard to prevent the unauthorized access to confidential information.

The Audit firm agrees to promptly indemnify and hold harmless from, against and in respect of, and pay or reimbursed for, any and all claims, demands, liabilities, losses, damages, costs and expenses of MMA, its employees, arising from breach by the audit firm of its obligation under this clause.

The obligation to the Audit firm under this clause shall survive completing, canceling or terminating the Agreement.

Publicity Regarding Agreement

(a) Without the MMA's prior review and approval in writing the firm shall not publicly release any statements of the fact of the Agreement, including but not limited to the name of the institution

(b) The firm agrees not to refer to awards in commercial advertising in such manner as to state or imply that the services or products provided are endorsed or preferred by the MMA or are considered by the MMA to be superior to other services or products.

Changes

The MMA may, at any time, by writing, require changes in the services to be performed by the firm. If such changes cause an increase or decrease in the firm's cost or time required for performance of any services under the contract, an equitable adjustment shall be made and the contract shall be modified in writing accordingly. The Governor must pre-approve all work which is beyond the scope of this Request for Proposal.

No services for which an additional cost or fee that will be charged by the firm shall be furnished without the prior written authorization of the Governor.

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General Information

The MMA reserves the right to accept or reject any or all submitted proposals for any reason. The MMA reserves the right to not award, award part of, or award the entire contract for the required services for any reason that is, in its opinion, in the best interest of the MMA.

In addition to submission of the proposal by the date stated above, a firm submitting a proposal may, at the option of the MMA, be required during the evaluation process to make a formal presentation to and/or attend a meeting to discuss the proposal. The MMA reserves the right to contact any references that may be listed in the proposal to validate any claims made by Offerors.

The MMA will not be responsible for any oral explanations or interpretations of this request for proposal.

MALDIVES MONETARY AUTHORITY
STATEMENT OF WORK FOR AUDIT SERVICES
2nd November 2009

I. Introduction and Client Background

Activities

The MMA is established pursuant to the Law No. 6/81 (Maldives Monetary Authority Act). To this effect, the MMA issues currency, regulates the availability of the Maldivian rufiyaa and promotes its stability, licenses, supervises and regulates institutions in the financial sector, formulates and implements monetary policy, and advises the Government on issues relating to the economy and financial system in order to foster an environment conducive to the orderly and balanced economic development of the Maldives.

Financial Resources

The financial resources of the MMA consist primarily of foreign currency held abroad on deposit and foreign currency held in Male' as cash together with debt extended to the Government in local currency.

Capital

The authorized capital of the Authority is four million rufiyaa and may be increased from time to time by such amounts as may be proposed by the Board and approved by the President of the Republic. No reduction of capital shall be effected except by an amendment of the MMA Act (1981). As at 31st December 2008 the paid-up capital is one million rufiyaa.

All capital of the Authority, as and when issued, shall be for the sole account of the Government and shall not be transferable nor capable of being claimed in a court nor subject to mortgage.

The reserves comprises of the Foreign Asset Revaluation Reserve, General Reserve and Retained Profit. As per the MMA Act (1981) the General Reserve account has now accumulated the maximum 200% of the authorized capital.

Governing Body

Maldives Monetary Authority Act (1981)

II. The External Audit Process of the Bank

The MMA Act allows an annual audit to be performed on the financial statements of the MMA by an external audit firm acceptable to the Auditor General and issue an audit opinion on the

financial statements.

III. Participants in the Audit Process

During the audit engagement, the audit firm will work with the Internal Audit Section.

Audit Firm

The audit firm will undertake the audit in accordance with International Standards on Auditing. Specifically, the audit firm will obtain a sufficient understanding of the nature of the MMA's operations, financial transactions, and system of internal controls that will enable it to plan the audit and determine the nature and extent of audit procedures required to perform the audit. The audit procedures will be designed to provide reasonable assurance of detecting errors and irregularities that are material to the financial statements.

The audit firm is expected to issue a management letter at the completion of the audit that describes weaknesses in the MMA's internal controls and operations identified during the course of the audit, together with proposed remedies.

To perform the above tasks, the audit firm must:

- Communicate and effectively coordinate the audit work with the Internal Audit Section so that its efficiency may be enhanced.
- Remain current on the control environment surrounding financial significant systems so as to assess control risk.
- Utilize computer technology to enhance the efficiency and effectiveness of audit procedures particularly in the audit of currencies and securities.
- Respond to ad hoc requests from the audit committee.

Internal Audit Section (IAS)

The audit firm is to coordinate with the audit efforts of IAS to maximize the effectiveness of audit services to the MMA. Coordination does not, however, change the traditional role of either internal or external auditors. IAS provides services to the Bank that is broader than financial auditing, including operational audits and systems reviews. Thus, IAS has an in-depth operational knowledge that is invaluable when considering the potential impact of the results of nonfinancial audits on the financial statements. The external audit, on the other hand, focuses primarily on providing assurances as to the integrity of the MMA's financial statements. As independent accountant, the audit firm has the responsibility for determining the nature and extent of auditing procedures to be performed in order to report on the financial statements.

Accounts and Finance Section (AFS)

The Accounts and Finance Section conducts and controls all financial operations and transactions of the Bank and is the primary contact for the audit firm. This Section effects and controls expenditures under the administrative and capital budgets, and has the responsibility for the maintenance of, and control over, the Bank's accounts and financial records. AFS has the responsibility to prepare and provide schedules for the year-end audit of the MMA's financial statements.

IV. Description of Required Services

The audit firm will perform comprehensive and adequate audit procedures, as required by International Standards on Auditing (ISA), to enable it to express an opinion on the financial statements of the MMA as to whether the statements fairly present the MMA's financial position and the results of its operations. To achieve this objective, the audit firm will examine the Bank's accounting records and other supporting documents, and develop an audit plan and procedures to be performed. The suggested format for the audit opinion on the financial statements is shown in Box 1.

The audit firm shall review the Bank's Annual Report before its publication against the audited financial statements to ensure that information presented in the Annual Report is consistent with the figures presented in the audited financial statements and in the accompanying notes and schedules in accordance with ISA.

In carrying out their assignments the staff of the audit firm will exercise the utmost discretion regarding all matters of official MMA business and will not communicate to any person or entity any information known to them by reason of this audit engagement, except with the prior approval of the MMA.

V. Schedule of Work

The audit firm will be required to provide audit services according to the following schedule:

Nature of Audit Procedures	Period of Performance
Initial audit planning, including update of audit program	1 st December*
Planning meeting	15 th December*
Confirmation of selected account balances	Before end of January
Interim audit procedures	Before end of July
Year-end audit procedures	Before end of October
Review of reports and statements	Before end of February
Issuance of audit report	Before end of March

*Note: * If these days fall on a holiday the following working day would be considered*

Box 1. Sample Audit Report Prepared under International Standards on Auditing (ISA).

The following, which is drawn from paragraph 28 of ISA 700, is an illustration of the entire auditor's report on an entity's financial statements. The report illustrates the expression of an unqualified opinion.

AUDITOR'S REPORT

(APPROPRIATE ADDRESSEE)

We have audited the accompanying balance sheet of the ABC Central Bank as of [date], and the related statements of income, and cash flows for the year then ended. These financial statements are the responsibility of the Central Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of (or 'present fairly, in all material respects,') the financial position of the Central Bank as of [date], and of the results of its operations and its cash flows for the year[s] then ended in accordance with [International Accounting Standards] (and comply with [the law governing the central bank]).

/s/ AUDITOR

Date

Address