



Auditor General's Office

Unofficial translation of the

REGULATION FOR STATUTORY AUDIT AND ASSURANCE SERVICES IN THE MALDIVES

No. 2012/R-25

This Regulation was made pursuant to the Audit Act 04/2007 and was published in the Government Gazette on Monday the 30th April 2012 (09 Jumadal Aakhirah 1432).

Disclaimer of liability

This is the unofficial translation of the original Regulation in Dhivehi. It is advised that the English version of this Regulation be read along with the Dhivehi version. In the event of conflict between the two versions, the latter shall prevail.

1. Short title and authority	1
2. Purposes	1
3. Implication	2
4. Categorization of the Practising Certificate	2
CHAPTER – II ISSUANCE OF THE PRACTISING CERTIFICATE TO INDIVIDUALS	2
5. General eligibility criteria for individuals	2
6. Academic and professional qualifications requirements for Category A Practising Certificate	3
7. Experience requirement for Category A Practising Certificate.....	3
8. Academic and professional qualifications requirements for Category B Practising Certificate	3
9. Experience requirements for Category B Practising Certificate	4
10. Academic and professional qualifications requirements for Category C Practising Certificate	4
11. Experience requirements for Category C Practising Certificate	4
12. Submission of application for the Practising Certificate	5
13. Review and approval of applications	6
14. Registration of Certified Auditors	6
15. Conduct of business by holders of the Practising Certificate	6
16. Conduct of business by holders of Category A Practising Certificate.....	7
17. Conduct of business by holders of Category B Practising Certificate.....	7
18. Conduct of business by holders of Category C Practising Certificate.....	7
19. Revocation of the Practising Certificate.....	7
CHAPTER – III ISSUANCE OF THE PRACTISING CERTIFICATE TO FIRMS.....	8
20. General eligibility criteria for firms	8
21. Criteria for Category A Practising Certificate.....	9
22. Eligibility criteria for Category B Practising Certificate.....	9
23. Submission of application for the Practising Certificate	9
24. Review and approval of applications	10
25. Conduct of business by holders of all categories of the Practising Certificate.....	10
26. Conduct of business by holders of Category A Practising Certificate.....	11
27. Conduct of business by holders of Category B Practising Certificate.....	11

28. Revocation of the Practising Certificate.....	11
CHAPTER – IV GENERAL PROVISIONS	12
29. Professional Indemnity Insurance (PII)	12
30. Validity of the Practising Certificate.....	12
31. Employment	13
32. Publication of the Register of Certified Auditors	13
33. The Licensing and Disciplinary Committee’s advice in favour of non-renewal of the Practising Certificate	13
34. Requirements for Continuing Professional Development (CPD)	14
35. Consequence of non-renewal	15
36. Communication of refusal to renew the Practising Certificate	15
37. Reinstatement in the Register of Certified Auditors.....	15
38. Restrictions on persons or firms not certified by the Auditor General’s Office	15
39. Code of Conduct.....	16
CHAPTER – V OVERSIGHT AND QUALITY ASSURANCE	17
40. Practice Reviews.....	17
41. Submission of information	18
CHAPTER – VI DISCIPLINARY PROCEDURES.....	18
42. Licensing and Disciplinary Committee	18
43. Powers and responsibilities of the Licensing and Disciplinary Committee	19
44. Revocation of the Practising Certificate and removal from the Register of Certified Auditors.....	20
45. Investigation process.....	20
46. Complaints lodged against certified auditors	21
CHAPTER – VII OTHER MATTERS	22
47. Practising certificate fees	22
48. Current Operating Licence holders	22
49. Auditors practising without the Operating Licence	22
50. Effective date	22
51. Interpretation.....	22

CHAPTER – I PRELIMINARY

1. Short title and authority

This Regulation may be cited as the *Regulation for Statutory Audit and Assurance Services in the Maldives*.

This Regulation is made pursuant to the authority granted to the Auditor General by the Section 3 (c) of the Audit Act 2007 to set rules, regulations and standards governing the audit in the Maldives, and by the Section 5(j) of the Act to set rules and procedures for the issuance and cancellation of audit Operating Licence in the Maldives, and to issue and cancel audit Operating Licence according to the set rules and procedures.

2. Purposes

The purposes of this Regulation are:

- a. To help develop the accountancy and auditing profession by standardising the process of issuing and cancellation of practising certificate to suit the local requirements; and
- b. To ensure consistency in the application of rules and procedures established for the purpose of issuance and cancellation of audit practising certificates while, at the same, enabling the development of an auditing and accountancy profession grounded on sound principles; and
- c. To create a conducive environment for the aspiring Maldivian accountants to establish themselves in the auditing and accountancy profession; and
- d. To provide a level playing field for all the firms and sole practitioners in public practice offering statutory audit and assurance services in the Maldives; and
- e. To promote quality, expertise and integrity in the auditing and accountancy profession the Maldives; and
- f. To harness public confidence in the statutory audit and assurance services delivered in the Maldives; and
- g. To ensure that auditing and accountancy profession in the Maldives is properly regulated and well-governed.

3. Implication

No firm or individual shall provide statutory audit and assurance services in the Maldives unless they hold a valid practising certificate issued under this Regulation.

4. Categorization of the Practising Certificate

The Practising Certificate issued to firms wishing to set up practices offering statutory audit and assurance services in the Maldives shall be classified into two categories while the Practising Certificate issued to individuals wishing to offer the same shall be classified into three categories upon satisfaction of the eligibility criteria laid out in this Regulation.

The Practising Certificate issued to firms shall be categorised as follows:

- 1. Category A**
- 2. Category B**

The Practising Certificate issued to individuals shall be categorised as follows:

- 1. Category A**
- 2. Category B**
- 3. Category C**

CHAPTER – II ISSUANCE OF THE PRACTISING CERTIFICATE TO INDIVIDUALS

5. General eligibility criteria for individuals

Persons wishing to apply for the practising certificate to offer statutory audit and assurance services shall meet the following conditions:

- a. The applicant shall be at least 18 (eighteen) years of age at the date of his application for the Practising Certificate; and
- b. The applicant shall be a member of the Certified Practising Accountants (CPA) of the Maldives; and
- c. The application shall not have been found guilty of a criminal offence by a court of law in the Republic of Maldives or any other jurisdiction; and

- d. The applicant shall not have been declared bankrupt by a court of law in the Republic of Maldives or any other jurisdiction during 5 (five) years preceding the application; and
- e. The applicant shall not have been convicted of fraud by a court of law in the Republic of Maldives or any other jurisdiction; and
- f. The applicant shall not have been subjected to a disciplinary action by a professional accountancy body; and
- g. The applicant shall satisfy the Licensing and Disciplinary Committee of his proficiency in relevant local laws and regulations by undertaking an appropriate interview/test, as determined by the Auditor General's Office; and
- h. Persons applying for either Category B or Category C Practising Certificate shall be Maldivian nationals; and
- i. Any applicant with a decreed debt shall be making regular payments to discharge the same as provided in the judgement.

6. Academic and professional qualifications requirements for Category A Practising Certificate

Persons applying for a **Category A** Practising Certificate shall meet the following qualification requirements:

- a. A professional accountancy qualification from a professional accountancy body that is a member of International Federation of Accountants (IFAC), and he/she shall be a member of such a body; and
- b. A practising certificate (audit) from a professional accountancy body that is a member of the International Federation of Accountants (IFAC).

7. Experience requirement for Category A Practising Certificate

Persons applying for the **Category A** Practising Certificate shall have obtained continuous relevant and sufficient experience of not less than 5 (five) years in audit and assurance related services.

8. Academic and professional qualification requirements for Category B Practising Certificate

Persons applying for the **Category B** Practising Certificate shall have the following qualifications:

- a. Relevant Maldives National Qualifications Framework (MNQF) Level 9 accounting qualification from an institution of higher education accredited by the Maldives Qualifications Authority (MQA) or they shall be a full member of a professional accountancy body that is a member of International Federation of Accountants (IFAC); and
- b. Certificate of Completion of an audit practice and procedures course conducted or approved by the Auditor General's Office.

9. Experience requirements for Category B Practising Certificate

Persons applying for the **Category B** Practising Certificate shall meet the experience criteria as set out below:

- a. Persons with relevant MNQF Level 9 accounting qualification applying for Category B Practising Certificate shall have at least 3 (three) years of post-qualification experience in audit and assurance related services; and
- b. Persons having membership of an IFAC member body shall have at least 2 (two) years of relevant experience, including the experience gained before admission to full membership, in audit and assurance related services.

10. Academic and professional qualification requirements for Category C Practising Certificate

Persons applying for a **Category C** Practising Certificate shall meet the following qualifications requirements:

- a. Relevant MNQF Level 7 accounting qualification from an institution of higher education accredited by the Maldives Qualifications Authority (MQA) or a relevant MNQF Level 7 professional qualification from a professional accountancy body that is a member of the International Federation of Accountants (IFAC) or affiliate or associate status from a professional accountancy body that is a member of the International Federation of Accountants (IFAC); and
- b. Certificate of Completion of the Audit practice and Procedures course conducted or approved by the Auditor General's Office.

11. Experience requirements for Category C Practising Certificate

Persons applying for **Category C** Practising Certificate shall meet the experience criteria as set out below:

- a. Persons with relevant MNQF Level 7 accounting qualification from an institution of higher education accredited by the Maldives Qualifications Authority (MQA) applying for **Category C** Practising Certificate shall have at least 3(three) years of post-qualification experience in audit and assurance related services; and
- b. Persons with affiliate status from a professional accountancy body that is a member of the International Federation of Accountants (IFAC) applying for **Category C** Practising Certificate shall have at least 3 (three) years of experience in audit and assurance related services, including any such experience gained prior to becoming an affiliate

12. Submission of application for the Practising Certificate

An **Application for the Practising Certificate** that is duly completed and signed by the applicant shall be submitted to the Auditor General's Office. The application shall accompany the following documents the originals of which will be returned after verification:

- a. Originals and copies of the applicant's ID Card or Passport; and
- b. Original and attested copy of Work Permit issued by the relevant authority of the government of the Maldives (this condition shall apply to foreigners only); and
- c. Attested copy of CPA Maldives Membership Certificate; and
- d. Attested copies of relevant qualifications of the applicant; and
- e. Practising Certificate, if any, issued by a professional accountancy body that is a member of the International Federation of Accountants (IFAC); and
- f. Certificate of Completion of the Course on Audit Practice and Procedures (this condition shall only apply to individuals who do not possess the practising certificate specified above); and
- g. Professional Curriculum Vitae of the applicant; and
- h. Police Clearance Certificate from the country of origin or residence for the last five years; and
- i. Court Clearance Certificate from the country of origin or residence for the last five years; and
- j. A non-refundable application fee as set out in **Table 1** of this Regulation.

13. Review and approval of applications

- a. Upon application by a person requesting for the Practising Certificate, the application shall be forwarded to the **Licensing and Disciplinary Committee** set up by the Auditor General's Office as set out in **Section 42** of this Regulation.
- b. The Licensing and Disciplinary Committee shall vet the application to ensure that the applicant meets the eligibility criteria laid down in this Regulation.
- c. If the Committee is satisfied that the applicant meets the eligibility criteria, the Committee shall recommend the Auditor General to issue the Practising Certificate.
- d. The Committee shall inform the applicant of its decision within 5 (five) weeks of the application.
- e. The applicant shall be informed of the relevant fees to be paid and other conditions attached to the issuance of the Practising Certificate and issued with the Practising Certificate upon payment of the fees specified in Table 1 of this Regulation

14. Registration of Certified Auditors

Upon an individual being issued with the Practising Certificate, their name and relevant particulars would be recorded in the Register of Certified Auditors at Auditor General's Office.

15. Conduct of business by holders of the Practising Certificate

- a. An individual to whom the Auditor General's Office has issued the Practising Certificate may use the term "**Certified Auditor**" followed by the letters **A, B or C** before their three-digit registration number. For example, a person holding a **Category A** Practising Certificate with the registration number 002 may hold himself out as **Certified Auditor A002**.
- b. A certified auditor acting as a sole practitioner shall submit their financial statements within four months after the end of the financial year of the practice.
- c. A certified auditor shall not act as an external auditor for a business in which he or she holds any interest.
- d. A certified auditor shall not offer non-audit services to a client that may conflict with his or her duties as the external auditor of the same.

- e. A certified auditor shall maintain records of the audit and assurance engagements for a period of not less than five years.
- f. A certified auditor shall conduct audit and assurance engagements in accordance with International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

16. Conduct of business by holders of Category A Practising Certificate

Holders of **Category A** Practising Certificate may offer statutory audit and assurance services to the businesses under the following classifications as defined in the Annex 1:

- a. Large businesses; and
- b. Medium-sized businesses; and
- c. Small businesses.

17. Conduct of business by holders of Category B Practising Certificate

Holders of **Category B** Practising Certificate may only offer statutory audit and assurance services to the businesses under the following classifications as defined in the ANNEX 1;

- a. Medium-sized business; and
- b. Small businesses.

18. Conduct of business by holders of Category C Practising Certificate

Holders of Category C Practising Certificate may only offer statutory audit and assurance services to small businesses as defined in the **ANNEXURE 1**.

19. Revocation of the Practising Certificate

The Practising Certificate held by a sole practitioner shall be revoked under the following circumstances;

- a. Upon request by a certified auditor having submitted a duly completed and signed Practising Certificate Cancellation Form; or
- b. Upon death of a certified auditor; or

- c. When a certified medical practitioner declares that a certified auditor is no longer of sound mind; or
- d. When a certified auditor has been found to be in breach of any requirements of this Regulation by the Licensing and Disciplinary Committee set up for the purpose of this Regulation or by any other regulatory body or any professional accountancy body in the Republic of Maldives; or
- e. When a certified auditor no longer satisfies the eligibility criteria; or
- f. When a certified auditor has been found guilty of negligence in their work by a court of law; or
- g. When a certified auditor has been declared bankrupt by a court of law; or
- h. When a certified Auditor has been convicted of a criminal offence under the law of the Maldives or any other jurisdiction; or
- i. When any enforcement action has been taken or sanctioned against a certified auditor due to involvement in fraud, money laundering or any other related crime; or
- j. When any disciplinary proceedings or action has been taken by any professional accountancy body against a certified auditor.

CHAPTER – III ISSUANCE OF THE PRACTISING CERTIFICATE TO FIRMS

20. General eligibility criteria for firms

Firms wishing to apply for the Practising Certificate to offer statutory audit and assurance services shall meet the following conditions;

- a. There shall be no partner in a firm of certified auditors who has been convicted by a court of law of any criminal offence under the Law of the Republic of Maldives or that of any other jurisdiction; and
- b. There shall be at least two partners in a firm of certified auditors; and
- c. The firm shall have been registered with the Ministry of Economic Development as a partnership; and
- d. The firm applying for a practising certificate shall not be a limited liability company; and

- e. It shall not be involved in any line of business other than audit, assurance, accountancy, tax, secretarial services, and business and financial consultancy services; and
- f. It shall have technical and financial resources to carry out its work.

21. Criteria for Category A Practising Certificate

- a. All the partners of the applying firm shall hold Category A Practising Certificate issued to sole practitioners.
- b. There shall be at least two resident partners in a firm of certified auditors and at least one resident partner shall be a Maldivian citizen. Firms that do not meet this criterion shall be given a transitional period of not more than seven years to meet the requirement.

22. Eligibility criteria for Category B Practising Certificate

- a. All partners in a firm of certified auditors shall hold at least Category B practising certificate.
- b. All partners in a firm of certified auditors applying for the Practising Certificate shall be Maldivian citizens.

23. Submission of application for the Practising Certificate

A firm wishing to practise statutory audit and assurance services in the Maldives shall submit a duly completed and signed Application for the Practising Certificate to the Auditor General's Office. The application shall accompany the following documents and documents containing the following information:

- a. Practising Certificates of all certified auditors wishing to practise in the name of a firm of certified auditors;
- b. Registration Certificate of the firm issued by the Ministry of Economic Development;
- c. Details of the registered office;
- d. Infrastructure and human resource;
- e. An overview of the firm's audit process and quality control mechanism;
- f. The organizational structure of the firm;
- g. A brief summary of the firm's operational practices and procedures;

- h. The Partnership Agreement; and
- i. A non-refundable application fee as set out in Table 1 of this Regulation

24. Review and approval of applications

- a. Upon application by a firm requesting for the Practising Certificate, the application shall be forwarded to the **Licensing and Disciplinary Committee** set up by the Auditor General's Office as set out in **Section 42** of this Regulation.
- b. The **Licensing and Disciplinary Committee** shall vet the application to ensure that the applicant meets the eligibility criteria laid down in this Regulation.
- c. If the Committee is satisfied that the applicant meets the eligibility criteria, the Committee shall recommend the Auditor General to issue the Practising Certificate.
- d. The Committee shall inform the applicant of its decision within five weeks of the application.
- e. The applicant shall be informed of the relevant fees to be paid and other conditions attached to the issuance of the Practising Certificate, and issued with the Practising Certificate upon payment of the fees specified in **Table 1** of this Regulation.

25. Conduct of business by holders of all categories of the Practising Certificate

- a. A firm holding the Practising Certificate issued by the Auditor General's Office has issued the Practising Certificate may use the term "**Certified Auditors**" followed by the letters A, B or C before their three-digit registration number. For example, a firm of certified auditors holding a Category A Practising Certificate with the registration number 002 may hold himself out as **Certified Auditors A002**.
- b. A firm of certified auditors shall submit their financial statements within six months after the end of their financial year.
- c. A firm of certified auditors shall not act as external auditors for a business in which any of their partners hold an interest.
- d. A firm of certified auditors shall not offer their clients services that may come into conflict with its duties as the external auditors of its clients.

- e. A firm of certified auditors shall conduct audit and assurance engagements in accordance with International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).
- f. A firm of certified auditors shall maintain records of the audit and assurance engagements for a period of not less than five years.
- g. A certified auditor shall conduct audit and assurance engagements in accordance with International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

26. Conduct of business by holders of Category A Practising Certificate

Holders of Category A Practising Certificate may offer statutory audit and assurance services to the businesses that fall into the following categories as defined in ANNEX 1;

- a. Large businesses; and
- b. Medium-sized businesses; and
- c. Small businesses.

27. Conduct of business by holders of Category B Practising Certificate

Holders of Category B Practising Certificate may only offer statutory audit and assurance services to the businesses that fall into the following categories as defined in APPENDIX I;

- a. Medium-sized businesses; and
- b. Small businesses.

28. Revocation of the Practising Certificate

A practising certificate held by a firm of certified auditors shall be cancelled under the following circumstances:

- a. Upon request by the firm of certified auditors having submitted a duly completed and signed Practising Certificate Cancellation Form;
- b. Upon death of a certified auditor leading to the firm not meeting the eligibility criterion for the number of partners set out in this Regulation;

- c. When a certified medical practitioner declares that a certified auditor is no longer of sound mind leading to the firm not meeting the eligibility criterion for the number of partners set out in this Regulation;
- d. Upon dissolution/liquidation of a firm of certified auditors;
- e. When a firm of certified auditors has been declared bankrupt by a court of law;
- f. When a firm of certified auditors no longer satisfies the eligibility criteria;
- g. When a firm of certified auditors has been convicted of a criminal offence under the law of the Maldives or that of any other jurisdiction;
- h. When any enforcement action has been taken or sanctioned against a firm of certified auditors due to allegation of or involvement in fraud, money laundering or any other related crime;
- i. When any disciplinary proceeding or action has been taken by a professional accountancy body against a firm of certified auditors;
- j. When a firm of certified auditors has been found guilty of gross negligence in their work by a court of law; and
- k. When a firm of certified auditors has been found to be in breach of any provisions of this Regulation by the Licensing and Disciplinary Committee set up for the purpose of this Regulation or any other regulatory body in the Republic of Maldives.

CHAPTER – IV GENERAL PROVISIONS

29. Professional Indemnity Insurance (PII)

A certified auditor/a firm of certified auditors shall take out Professional Indemnity Insurance (PII) from a recognised insurance firm covering all the civil liabilities arising from the conduct of their business, and shall furnish the details of the PII to the Auditor General's Office within one month following the receipt of the Practising Certificate. However, no certified auditor or a firm of certified auditors shall offer any services governed by this Regulation until they obtain the cover.

30. Validity of the Practising Certificate

The Practising Certificate shall have a validity of one year from the date of issue. A certified auditor or a firm of certified auditors shall apply for the renewal of the Practising Certificate within 45 (Forty five) days preceding its expiry as set out in this

Regulation. The application for renewal shall accompany the payment of the renewal fee set out in **Table 1** of this Regulation.

31. Employment

A firm of certified auditors shall employ in their firm Maldivian citizens who comprise not less than 50 (Fifty) per cent of their staff. A firm of certified auditors who do not satisfy the criterion in (a) shall meet the requirement as set out below:

- a. 10 (Ten) percent within 1 year;
- b. 20 (Twenty) percent within 2 years;
- c. 30 (Thirty) percent within 3 years;
- d. 40 (Forty) percent within 4 years; and
- e. 50 (Fifty) percent within 5 years.

32. Publication of the Register of Certified Auditors

The Auditor General's Office shall publish in its official website the Register of Certified Auditors which gives the details of names and addresses of certified auditors and firms of certified auditors. The Register shall also be regularly updated to reflect new issues and cancellations of the Practising Certificate.

33. The Licensing and Disciplinary Committee's advice in favour of non-renewal of the Practising Certificate

The Committee may advise the Auditor General to refuse to renew the Practising Certificate of a certified auditor or a firm of certified auditors under the following circumstances;

- a. When a certified auditor or a firm fails to comply with all the applicable provisions of this Regulation;
- b. When a certified auditor or a firm fails to carry out their duties as an auditor with integrity and honesty;
- c. When the Committee finds that a certified auditor or a firm has been engaged in any business or occupation that is inconsistent with the integrity of a certified auditor;
- d. When the Committee finds that a certified auditor has been a director or executive or owner of a company during the last three years that has gone into

- receivership, involuntary liquidation or bankruptcy in the Maldives or elsewhere during the same period;
- e. When the Committee finds that a certified auditor has been convicted of any financial crime, such as theft, misappropriation, extortion, fraud, or corruption, in any jurisdiction, in the Maldives or elsewhere, and/or has an undischarged decreed debt;
 - f. When the Practising Certificate holder is otherwise unfit to practise as a certified auditor;
 - g. Withdrawal, suspension, cancellation or revocation of registration, licence or approval to practise or membership of professional accounting body;
 - h. When a certified auditor fails to pass any practice review conducted by the AGO under a Monitoring and Quality Control Programme or comply with any order or has failed to act on a recommendation made by the Licensing and Disciplinary Committee;
 - i. When a certified auditor fails to comply with the code of conduct or the required standard professional practice, i.e., conduct of business set out in this Regulation;
 - j. When a certified auditor fails to comply with the prescribed requirements relating to continuing professional development (CPD);
 - k. When a certified auditor fails to comply with provisions of this Regulation and any applicable laws of the Republic of Maldives;
 - l. When a certified auditor fails to submit financial statements as required by this Regulation.

34. Requirements for Continuing Professional Development (CPD)

For the purpose of renewal, a certified auditor must acquire at least 40 (Forty) CPD hours annually, of which: -

- a. at least 20 (Twenty) hours were structured learning; and
- b. at least 10 (Ten) of the structured learning hours were in the areas of Assurance, Corporate Governance, Statutes, and Regulations and Ethics and Professionalism. Of these ten structured hours, at least 5 (Five) hours should be obtained through structured learning of financial and statutory reporting standards, accounting and auditing standards and pronouncements.

35. Consequence of non-renewal

The Auditor General's Office shall remove from the Register of Certified Auditors, the name and particulars of a certified auditor or a firm of certified auditors who has, without reasonable excuse, failed to renew his Practising Certificate by the date of expiry.

36. Communication of refusal to renew the Practising Certificate

Where the Auditor General, on the recommendation of Licensing and Disciplinary Committee, refuses to renew the Practising Certificate, he shall, by notice in writing, inform the applicant of his refusal and the reasons for his decision to reject the application.

37. Reinstatement in the Register of Certified Auditors

- a. If a certified auditor or a firm of certified auditors whose names have been removed from the Register wishes to be included in the Register, they shall apply for the reinstatement within 21 (Twenty one) days after the removal. The certified auditor or the firm of certified auditor shall be included in the Register upon payment of the fees as set out in the **Table 1** of this Regulation provided they meet the requirements of this Regulation.
- b. If no application for reinstatement is made 21 (Twenty) days following the removal, a certified auditor or a firm of certified auditors whose name has been removed from the Register wishing to practise as a certified auditor or a firm of certified auditors shall be required to put in a new application for practising certificate and meet all the registration requirements for the issuance of the Practising Certificate.

38. Restrictions on persons or firms not certified by the Auditor General's Office

The following restrictions pertaining to the provision of statutory audit and assurance services shall apply to persons or firms in public practice that do not hold the Practising Certificate. The Auditor General will take legal action against such persons or firms engaged in activities restricted to the holders of the Practising Certificate. Such persons or firms shall not;

- a. Engage in the provision of audit and assurance services in relation to statutory audits;

- b. Hold themselves out to be a certified auditor(s); or
- c. Use in connection with their name or otherwise assume, use, or advertise any title or description tending to convey the impression that they are a certified auditor(s) registered with the Auditor General's Office, or that they are otherwise authorised to provide statutory audit and assurance services in relation to statutory audits in the Republic of Maldives.

39. Code of Conduct

Certified auditors and firms of certified auditors shall comply with the following:

- a. Certified auditors shall fully abide by this Regulation and any future amendments to the Regulation;
- b. All certified auditors and firms of certified auditors shall abide by all the relevant laws and regulations of the Republic of Maldives;
- c. All certified auditors and firms shall comply with the International Federation of Accountants (IFAC) *Code of Ethics for Professional Accountants*;
- d. Certified auditors or firms shall not, directly or indirectly, influence any person by way of fear, threat, terror or enticement in order to secure any professional business;
- e. Any information and explanations acquired in the course of professional service shall remain strictly confidential, and the certified auditor shall not disclose or divulge any such information or explanations to any person other than the client and the person whom he is required by the law to do so;
- f. Certified auditors shall certify any financial statement or give report of any type only after they, or their partner or employee has checked and verified it;
- g. A certified auditor shall, in order to truly present the financial statement certified by him, clearly indicate all the material facts or any false statements or explanations known to him or to the best of his knowledge;
- h. Certified auditors shall discharge their duties with due care in the course of their profession and shall draw attention of all concerned to all material facts which are or have taken place contrary to the prevailing law and do not comply with generally accepted accounting principles;
- i. Certified auditors shall not base their remuneration as a percentage on the profit or on any other uncertain results of the client being audited;

- j. A certified auditor shall not knowingly or recklessly mention any false matter in a notice, explanation or statement required under the prevailing law to be provided to any office, department or any organization;
- k. One shall not perform audit of accounts of any organization where he has worked in an executive position, until the elapse of at least 5 (Five) years of his leaving the service;
- l. A certified auditor shall not accept his appointment as an auditor of an organization without ascertaining that all required procedures for appointment as the auditor under the prevailing law has been duly fulfilled;
- m. A certified auditor should have sufficient information prior to giving an audit opinion.

CHAPTER – V OVERSIGHT AND QUALITY ASSURANCE

40. Practice Reviews

- a. The Auditor General’s Office or any other person appointed by the Auditor General shall conduct regular reviews of certified auditors and firms of certified auditors to ensure compliance with the following:
 - i. This Regulation;
 - ii. International Standards on Auditing (ISAs);
 - iii. Ethical standards and guidelines; and
 - iv. Applicable laws and regulations of the Maldives.
- b. The reviewer shall prepare a report on the practice review undertaken and report any findings to the Licensing and Disciplinary Committee, if necessary. In the event of non-compliance with the afore-mentioned standards, rules and regulations by the certified auditor or the firm, the Committee may recommend the Auditor General to revoke their practising certificate.
- c. The certified auditors or a firm of certified auditors shall submit and provide any information requested by the Auditor General’s Office to carry out such a review, and shall not withhold or delay the submission or provision of information requested for the review.

41. Submission of information

- a. Inclusion of false information either knowingly or recklessly in an application for the Practising Certificate or in an application for the renewal of the Practising Certificate by a person or a firm will result in disciplinary action against such persons or firms. The Auditor General has the power to reject the application by such persons or firms and, in case of renewal, the power to revoke the Practising Certificate held by such persons or firms.
- b. Any person or a firm holding the Practising Certificate issued under this Regulation shall submit an annual compliance report to the Auditor General's Office on their compliance with the following within 2 (Two) months after the end of their reporting period:
 - i. Laws and regulations of the Maldives;
 - ii. Ethical standards and guidelines; and
 - iii. This Regulation.
- c. A certified auditor or a firm of certified auditors shall submit a report on the following within two months after the end of their reporting period:
- d. The number of audit engagements completed during the reporting period and the total revenue earned from these engagements, provided that the number of audit engagements is less than 10 (Ten);
- e. Top ten audit engagements and the total revenue earned from these audit engagements provided that the number of audit engagements exceeds 10 (Ten);
- f. Annual revenue from non-audit engagements; and
- g. Annual revenue from all audit engagements.

CHAPTER – VI DISCIPLINARY PROCEDURES

42. Licensing and Disciplinary Committee

- a. There shall be a seven-member Licensing and Disciplinary Committee that assists the Auditor General in planning, management and oversight of all the functions pertaining to the issuance of the Practising Certificate under this Regulation. The composition of the Committee shall be as follows:
 - i. Auditor General;
 - ii. A member of the AGO staff appointed by the Auditor General;

- iii. Two representatives from the Certified Practising Accountants (CPA) of the Maldives;
 - iv. One representative from the Maldives Inland Revenue Authority (MIRA);
 - v. One representative from the Ministry of Economic Development; and
 - vi. One representative from Capital Market Development Authority (CMDA)
- b. Each member of the Licensing and Disciplinary Committee specified in subsection (a) shall hold at least MNQF Level 7 qualification in a relevant field such as law, accountancy, auditing, financial management, corporate governance and economics from an institution of higher education accredited by the Maldives Qualifications Authority.
- c. The chair of the Committee specified in subsection (a) shall be the Auditor General or a person appointed by him.
- d. The term of the Committee shall be 1 (One) year.
- e. Quorum required to conduct the meetings of the Committee shall be 5 (Five) members.
- f. A member of the Licensing and Disciplinary Committee may, at any time, resign his office by instrument in writing addressed to the Auditor General.

43. Powers and responsibilities of the Licensing and Disciplinary Committee

- a. The Auditor General shall have the power to terminate a member from the Committee if he deems the member in question has not fulfilled their responsibilities as a member of the Committee by the Auditor General.
- b. A member of the Licensing and Disciplinary Committee having directly or indirectly, by himself or a member of his family, any interest in any matter under discussion by the Licensing and Disciplinary Committee shall disclose to such Committee the fact and the nature of his interest, and shall not participate in such discussions and voting.
- c. The resolutions of the Committee shall have the effect of recommendations made to the Auditor General to make informed decisions based on the Committee's deliberations. The Auditor General has the power to veto any decision taken by the Licensing and Disciplinary Committee. Should the Auditor General decide to veto the Committee's decision, he shall notify the Committee in writing of his decision for it to be kept on record.
- d. The Licensing and Disciplinary Committee shall investigate certified auditors or firm of certified auditors (if necessary) when the following circumstances arise:

- i. When a complaint has been lodged against a certified auditor or a firm of certified auditors;
 - ii. When any of the circumstances specified in Section 19 subsections b to j of the Regulation and any of the circumstances specified in Section 28 subsections b to k of this Regulation arises;
 - iii. When a certified auditor or a firm of certified auditors has been found to have breached any applicable law or a regulation or a code of practice by the Licensing and Disciplinary Committee, the matter shall be brought to the attention of the relevant authorities.
- e. The Committee shall maintain its minutes in a proper form.

44. Revocation of the Practising Certificate and removal from the Register of Certified Auditors

In addition to the powers specified in Section 43, the Committee shall have the following powers:

- (a) The power to report to the Auditor Generals on the conclusions reached by the Committee regarding the matters under investigation; and
- (b) The power to advise the Auditor General to revoke or cancel the Practising Certificate issued to a certified auditor or a firm of certified auditors and to remove the name of the auditor or the firm from the Register of Certified Auditors.

45. Investigation process

- a. A certified auditor or a firm of certified auditors under inquiry or a person appointed by the auditor or the firm shall be entitled to attend the hearing before the Licensing and Disciplinary Committee and shall be entitled to:
 - i. Give evidence on their behalf;
 - ii. Have such witness as he or she may wish to call on his or her behalf; and
 - iii. Have information contained in documents relating to him or her which may have triggered the investigation.
- b. In cases where the certified auditor or the firm of certified auditors is found guilty, the decision of the Committee shall be informed to the auditor or the firm under investigation and the Committee shall post its decision on the official website of the Auditor General's Office

46. Complaints lodged against certified auditors

- a. The Licensing and Disciplinary Committee shall consider complaints made against certified auditors regarding breach of any provision of this Regulation or any relevant law.
- b. The complaints mentioned in (a) must clearly state the nature of the professional misconduct alleged against the certified auditor in practice and must be supported by all documents relevant to the case.
- c. The complaints made against the certified auditors shall be addressed to the Chairman of the Licensing and Disciplinary Committee.
- d. The Committee should generally conclude its inquiry within 3 (Three) months of the receipt of the complaints
- e. Upon due inquiry into the complaint, the Licensing and Disciplinary Committee could recommend the Auditor General to take the following decisions:
 - f. Dismiss the complaint or information if it finds that the complaint is misconceived or without merits or the information is unsubstantiated and notify the complainant (if any) and the certified auditor in practice of the dismissal; or
 - g. That no formal inquiry is necessary due to the nature of the complaint even it is of the view that the complaint or information is valid; or
 - h. That the certified auditor in practice concerned be issued with a letter of advice; or
 - i. That the certified auditor in practice be warned; or make such other order as the Licensing and Disciplinary Committee considers appropriate; or
 - j. Hold a formal inquiry if it is of the view that such an inquiry is necessary.
- k. Upon due inquiry into the complaint, the Licensing and Disciplinary Committee may recommend the Auditor General to take any of the following actions:
 - i. Cancellation and revocation of the practising certificate and removal of their names from the Register of Certified Auditors; and/or
 - ii. Suspension of the certified auditor in public practice from practice for such period not exceeding 2 (Two) years.

CHAPTER – VII OTHER MATTERS

47. Practising certificate fees

Practising certificate fees levied on the firms and individuals under this Regulation are based on the categories of the Practising Certificate issued. Details of fees charged are given in **Table 1** of this Regulation.

48. Current Operating Licence holders

- a. The auditors who have been issued with the Operating Licence before this Regulation comes into effect shall apply for the Practising Certificate when their current Operating Licence expires.
- b. The Practising Certificate renewed in the manner specified in (a) will be treated as a renewal of the Practising Certificate under this Regulation.

49. Auditors practising without the Operating Licence

Persons or firms practising without the Operating Licence when this Regulation becomes effective shall apply for the Practising Certificate under this Regulation within 6 (Six) months of the effective date of this Regulation.

50. Effective date

This Regulation becomes effective on 30 April 2012.

51. Interpretation

In this Regulation, unless the context otherwise requires -

- a. “Certified Auditor” or “Auditor” shall mean a person to whom the Auditor General’s Office has issued the Practising Certificate to practise as a sole practitioner.
- b. “Audit firm” or “firm” shall mean a partnership comprising of professional accountants registered with the Auditor General’s Office to provide statutory audit and assurance services
- c. “Auditor General” shall mean the Auditor General referred to in Section 209 (a) of the Constitution

- d. "Auditor General's Office" shall mean the Auditor General's Office established for the purpose of discharging the duties of the Auditor General and exercising the powers of the Auditor General referred to in Section 209 (a) of the Constitution.
- e. "Statutory Audit" or "Audit" shall mean an audit mandated by the Constitution or an Act of the People's Majlis or a regulation made under an Act of the People's Majlis
- f. "Disciplinary Action" shall mean an action taken by a relevant authority or a committee as a form of punishment
- g. "Assurance Services" shall mean review of financial transactions and financial statements, and compilation of financial statements to provide an independent opinion on the probity of financial transactions and financial statements to those charged with making decisions pertaining to finance.
- h. "Practising Certificate" shall mean the Operating License mentioned in Section 5(j) of the Audit Act 2007 and the practising certificate issued by a professional accountancy body having membership of the International Federation of Accountants (IFAC)
- i. "Registered medical practitioner" shall mean a medical doctor registered with the relevant authority in the Maldives.
- j. "Licensing and Disciplinary Committee" or 'the Committee" shall mean the committee referred to in Section 42 of this Regulation.

Annex – I Tables

Table 1: Fees

The following fees pertaining to the issuance of the Practising Certificate shall apply to the individuals and firms when this Regulation becomes effective

Fees levied on individuals

Description	PRACTISING CERTIFICATE CATEGORY			
	A		B	C
	Maldivians	Foreigners		
		MVR	MVR	MVR
Application Processing Fee	500.00	750.00	500.00	500.00
Practising Certificate Fee (initial payment)	7,000.00	8,000.00	5,000.00	3,000.00
Renewal of practising certificate (annually)	7,000.00	8,000.00	5,000.00	3,000.00
Practice Monitoring Fee (per hr)	200.00	200.00	150.00	100.00
Replacement of lost certificate	1,000.00	1,500.00	1,000.00	1,000.00
Re-instatement fee	7,000.00	8,000.00	5,000.00	3,000.00

Fees levied on firms

Description	CATEGORY	
	A	B
	MVR	MVR
Application Processing Fee	1,000.00	1,000.00
Practising Certificate Fee (initial payment)	40,000.00	15,000.00
Renewal of practising certificate (annually)	40,000.00	15,000.00
Practice Monitoring Fee (per hr)	300.00	150.00
Replacement of lost certificate	5,000.00	3,000.00
Re-instatement fee	40,000.00	15,000.00

Annexure – 1 Business Classifications

Small Businesses

For the purposes of this Regulation, any business with the following characteristics is considered a small business:

- a. It has an annual turnover of less than MVR 10,000,000; or
- b. It employs less than 100 employees;

Commercial banks, financial institutions, public companies, utility companies that provide GST-exempt services and facilities such as water, electricity and sewerage systems and, state-owned enterprises are not considered small businesses for the purposes of the Regulation

Medium-sized Businesses

For the purposes of this Regulation, any business with the following characteristics is considered a medium-sized business:

- a. It has an annual turnover between MVR 10,000,000 and MVR 100,000,000; or
- b. It employs between 100 and 200 employees

Commercial banks, financial institutions, public companies, utility companies that provide GST-exempt services and facilities such as water, electricity and sewerage systems and state-owned enterprises are not considered medium-sized businesses for the purposes of the Regulation.

Large Businesses

For the purposes of this Regulation, any business with the following characteristics is considered a large business:

- a. It has an annual turnover in excess of MVR 100,000,000; or
- b. It employs more than 200 employees; or
- c. It is a commercial bank or a public company or a utility company that provides GST-exempt services and facilities such as water, electricity and sewerage systems or it is a state-owned enterprise.