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Short title and authority

This regulation may be cited as the *Regulation for Registration of Public Interest Entity Auditors of Institute of Chartered Accountants of the Maldives (CA Maldives)*

This regulation is made under the terms of Section 2 of the Maldives Chartered Accountants Act 2020.

Scope

This regulation describes the objectives and the scope of the Public Interest (PIE) Auditor Registration, the criteria for registration as PIE auditors, procedures for registration, quality review arrangements for PIE audit engagements and Registered PIE auditors, and cancellation of registration of Registered PIE Auditors

This regulation applies to firms carrying out audits of financial statements prepared in accordance with any applicable legal or financial reporting framework which intend to register as PIE auditors. For the purpose of this regulation, the term 'audit firm' or 'firm' shall have the same meaning as intended by the Regulation for the Provision of Statutory Audit and Assurance Services issued by CA Maldives.

Under this regulation, audit firms are required to demonstrate their compliance with quality management requirements specified in ISQM1 to maintain their Registered PIE Auditor status. ISQM stands for International Standard on Quality Management.

According to International Standard on Quality Management (ISQM) 1, 'the objective of the firm is to design, implement and operate a system of quality management for audits or reviews of financial statements, or other assurance or related services engagements performed by the firm, that provides the firm with reasonable assurance that:

- (a) The firm and its personnel fulfill their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements; and
- (b) Engagement reports issued by the firm or engagement partners are appropriate in the circumstances'

Objectives of Registration as PIE Auditors

The objectives of PIE Auditor Registration:

- (a) to provide assurance to regulatory authorities, audit committees and board of directors of PIEs that the auditors registered with CA Maldives as PIE Auditors possess the requisite competence, and comply with applicable professional standards and legislative requirements; and
- (b) enhance the quality and credibility of statutory audits in PIEs.

Public interest entities (PIEs)

For the purpose of this regulation, a public interest entity (PIE) means:

- (a) An entity whose shares, stock or debt are quoted or listed on a regulated market; or

- (b) An entity that is subject to financial statement audit under the Regulation for Audit and Accountability of Companies with Government of Maldives' Shareholding issued by the Auditor General's Office; or
- (c) An entity regulated by the Maldives Monetary Authority; or
- (d) A fund that is regulated by Capital Market Development Authority; or
- (e) An entity that is defined by regulation or legislation as a PIE; or
- (f) A non-listed entity that is considered as an economically significant entity.

Economically significant entities

An entity is considered to be economically significant if it has:

- i) a turnover in excess of MVR 200 million, excluding other income;
- ii) number of employees in excess of 1000;
- iii) total assets in excess of MVR 500 million;
- iv) total long-term borrowings in excess of MVR 100 million

To be treated as economically significant for the purpose of this regulation, any of the two criteria mentioned in (i), (ii), (iii) and (iv) should be met. The decision as to whether the criteria are met will be based on the previous year's financial statements.

PIE audit engagements

A PIE audit engagement is a statutory audit of financial statement audits of PIEs conducted in accordance with ISAs.

Eligibility criteria for registration as PIE Auditors

Audit firms (partnerships) wishing to get registered as PIE Auditors shall meet the following criteria:

- The Engagement Partner(s) of the applying firm (the applicant) shall be a licensed full-time partner with at least five years of experience in conducting financial statement audits;
- The applicant shall nominate and register with CA Maldives a designated Engagement Quality Reviewer (EQR) who has at least five years of experience in carrying out audits of financial statements conducted in accordance with International Standards in Auditing (ISAs); the EQR shall be a member in good standing of CA Maldives.
- The applicant shall also nominate and register with CA Maldives a person responsible for their quality management system who is a practicing member of the firm. The engagement partner may assume the role of the person responsible for quality management system within the audit firm.
- The applicant shall have at least five full-time staff, including partners, that are directly involved in the audits of financial statements.

Application procedures for registration as PIE Auditor

Registration of PIE Auditors is open for application with effect from 10 September 2021. All applicants are required to submit completed application forms to CA Maldives along with the following documents:

- A list of proposed Engagement Partner(s), EQR(s) and persons responsible for the quality control system
- A completed Personal Details Form by each proposed person responsible for the quality control system of the firm who is currently not a member of CA Maldives.
- A Declaration Form signed by the EQR(s) proposed by the applicant that they comply with Code of Professional Conduct and Ethics of CA Maldives and they continue to meet the CA Maldives membership eligibility criteria.
- A Declaration Form signed by the Engagement Partner(s) proposed by the applicant that they comply with Code of Professional Ethics of CA Maldives and continue to meet eligibility criteria for membership and audit license of CA Maldives
- Partnership Registration Certificate of the applicant.
- If the applicant belongs to an International Network of firms, a copy of the undertaking by the International Network that the applicant is authorized to operate under its name in the Maldives.

An application for registration as PIE Auditor must be accompanied by a fee of MVR 5,000

The Admission and Licensing Committee (ALC) of the CA Maldives shall evaluate the application and submit its recommendations to Council for approval.

The result of an application shall be available within a period of five weeks after the relevant submission deadline posted on the website of CA Maldives.

Provision of false or misleading information

It is an offence for any person to provide false or misleading information in connection with application for PIE Auditor. Any person carrying out such an act shall be subject to disciplinary action by CA Maldives in accordance with applicable laws, including the Maldives Chartered Accountants Act 2020, and regulations.

Validity of registration

Registration of a Registered PIE Auditor has validity period of three years and expires on 31 December each year. The application for renewal of registration must be made to CA Maldives between 1 October and 16 November, i.e. 45 days before the day on which the current registration expires.

Notice of renewal shall be issued in late September and Registered PIE Auditors may submit their renewal applications on 1 October after receipt of the notice.

Registered PIE Auditors are required to:

1. pay renewal application fee of MVR 5,000; and
2. submit Annual Return to confirm whether there is/are changes in the compliance status of Engagement Partner(s), EQCR(s) and the person(s) responsible for quality control system of PIE Auditors with this regulation.

Notwithstanding the Annual Return in (2) above confirming the Engagement Partner(s), EQR(s) and the person(s) responsible for quality control system of PIE Auditors of being compliant, registration of a Registered PIE Auditor shall be cancelled if CA Maldives becomes aware of instances of serious misconduct

by PIE Auditors through quality review carried out by the ALC or evidence of breaches provided by third parties including regulatory bodies.

Quality reviews of Registered PIE Auditors and PIE audit engagements

Quality reviews of PIE audit engagements and PIE auditors shall be carried out in accordance with procedures established by Admissions and Licensing Committee (ALC) of CA Maldives under the Regulation for Provision of Statutory Audit and Assurance Services in the Maldives.

The ALC has the discretion to review quality of PIE audit engagement(s) conducted by Registered PIE Auditor(s). The ALC also has the power to require each Registered PIE Auditor to be subject to at least one firm-level quality review every three years.

Cancellation of registration

The registration of Registered PIE Auditor shall be cancelled under the following circumstances:

- a) Submission of a request by Registered PIE Auditor for cancellation of registration;
- b) Registered PIE Auditor fails to confirm compliance of Engagement Partner(s), EQR(s) and person(s) responsible for quality control system with the criteria for membership and audit licence of CA Maldives;
- c) Registered PIE Auditor fails to confirm compliance of Engagement Partner(s), EQR(s) and person(s) responsible for quality control system with qualifications and experience requirements stipulated in this regulation;
- d) Proposed Engagement Partner (s) of Registered PIE Auditor is found not to be meeting criteria for membership and audit license of CA Maldives;
- e) Proposed EQR(s) of Registered PIE Auditor is found not to be meeting criteria for membership of CA Maldives; and
- f) Registered PIE Auditor is found to have provided false or misleading information in application for the registration.

Register of Registered PIE Auditors

CA Maldives shall keep a register of Registered PIE Auditors for public inspection without charge.