





بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ



# REGULATION FOR REGISTRATION OF PUBLIC INTEREST ENTITY AUDITORS

*This regulation is made pursuant to the authority granted to Institute of Chartered Accountants of the Maldives by the Maldives Chartered Accountants Act 2020 (Law no. 13/2020)*

## **1. Short title and authority**

- 1.1 This regulation may be cited as the *Regulation for Registration of Public Interest Entity Auditors of Institute of Chartered Accountants of the Maldives*
- 1.2 This regulation shall come into force on the date of publication in the Government Gazette.
- 1.3 This regulation is made in exercise of the powers conferred by Section 38 of the Maldives Chartered Accountants Act (Law No. 13/2020).

## **2. Interpretation**

- 2.1 In this regulation, unless the context otherwise requires:

*Admissions and Licensing Committee (ALC)* means a committee of individuals appointed under section 30 of the Maldives Chartered Accountants Act (Law No. 13/2020) having the powers and responsibilities set by the Council of the Institute to determine the eligibility criteria for membership of the Institute and to plan and carry out the process of issuing licenses for conducting statutory audit in the Maldives and to carry out any other work conducive to issuing such licenses.

*Audit firm* or *firm* means a partnership registered under the Partnership Act (Law No. 13/2011) to provide external audit and assurance services.

*CA Maldives* means Institute of Chartered Accountants of the Maldives established under the Maldives Chartered Accountants Act (Law No. 13/2020).

*Engagement partner* means the partner in an audit firm responsible for the audit engagement and performance.

*Engagement quality review* means a review performed by an engagement quality reviewer to evaluate the significant judgements made by the engagement team and conclusions they reach based on their judgement completed before or on the date of the engagement report.

*Engagement quality reviewer* means a person with sufficient knowledge of professional, legal and ethical standards, experience, and requisite skills designated by the audit firm to conduct engagement quality reviews.

*ISAs* means International Standards on Auditing issued by the International Auditing and Assurance Standards Board.

*ISQM* means International Standard on Quality Management issued by the International Auditing and Assurance Standards Board.

*Quality reviews* means engagement quality reviews and reviews of firm's system of quality management.

### **3. Scope**

- 3.1 This regulation describes the objectives and the scope of the Public Interest Entity (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
- 3.2 This regulation applies to firms carrying out audits of financial statements prepared in accordance with any applicable legal or financial reporting framework by public interest entities as defined by 5.1 of this regulation
- 3.3 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.
- 3.4 According to 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'

### **4. Objectives of Registration as PIE Auditors**

- 4.1 The objectives of Public Entity Auditor Registration are:
  - (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.

### **5. Public interest entities (PIEs)**

- 5.1 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 (Regulation No: 2021/R-152) Regulation on Audit and Accountability of State-owned Enterprises issued by the Auditor General's Office; or
- (c) An entity that regulates financial institutions under the powers granted by legislation; or
- (d) An entity that regulates financial or capital markets under the powers granted by legislation; or
- (e) An entity regulated by the Maldives Monetary Authority; or
- (f) An entity not regulated by the Maldives Monetary Authority that holds assets in a fiduciary capacity for a broad group of outsiders; or
- (g) A fund that is regulated by Capital Market Development Authority; or
- (h) An entity that is defined by regulation or legislation as a PIE.

## **6. PIE audit engagements**

- 6.1 A PIE audit engagement is a statutory audit of financial statement audits of PIEs conducted in accordance with International Standards on Auditing.

## **7. Eligibility criteria for registration as PIE Auditors**

- 7.1 Audit firms (partnerships) wishing to get registered as PIE Auditors shall meet the following criteria:
- (a) 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 including at least two years of experience in conducting audits based on International Standards on Auditing at an audit firm or an institution recognised by the Admissions and Licensing Committee (ALC) of CA Maldives.
  - (b) 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 on Auditing; and the EQR shall be a member in good standing of a member body of International Federation of Accountants recognised by CA Maldives.
  - (c) 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.
  - (d) The applicant shall have at least five full-time staff, including partners, that are directly involved in the audits of financial statements.

## **8. Application procedures for registration as PIE Auditor**

- 8.1 Registration of PIE Auditors shall be open for application with effect from the date on which this regulation becomes effective. All applicants are required to submit completed application forms to CA Maldives along with the following documents:
- (a) A list of proposed Engagement Partner(s), EQR(s) and persons responsible for the quality control system;
  - (b) 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; and
  - (c) A Declaration Form signed by the EQR(s) proposed by the applicant that they comply with relevant applicable code (s) of ethics.
- 8.2 An application for registration as PIE Auditor must be accompanied by a fee of MVR 5,000
- 8.3 The ALC of CA Maldives shall evaluate the application and submit its recommendations to the Council for approval.
- 8.4 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.

## **9. Provision of false or misleading information**

- 9.1 Where any person provides false or misleading information in connection with the application for PIE auditor, such person shall be liable to a civil penalty or disciplinary action by CA Maldives pursuant to the powers granted under section 35 of the Maldives Chartered Accountants Act (Law No. 13/2020).

## **10. Validity of registration**

- 10.1 Registration of a PIE Auditor has a validity period of three years from the date of issue. The application for renewal of registration must be made 45 days prior to the day on which the current registration expires.
- 10.2 Registered PIE Auditors are required to:
- (a) pay renewal application fee of MVR 4,000; and
  - (b) submit Annual Return to confirm whether there are changes in the compliance status of Engagement Partner(s), EQR(s) and the person(s) responsible for quality control system of PIE Auditors with this regulation.
- 10.3 Notwithstanding the Annual Return in 10.2(b) 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 reviews carried out by the ALC or evidence of breaches provided by third parties including regulatory bodies.

## **11. Quality reviews**

- 11.1 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 (Regulation No. 2021/R-3)
- 11.2 The ALC has the discretion to review quality of PIE audit engagement(s) conducted by Registered PIE Auditor(s).
- 11.3 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.

## **12. Cancellation of registration**

- 12.1 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 of a member body of International Federation of Accountants recognised by CA Maldives 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) Registered PIE Auditor is found to have provided false or misleading information in application for the registration.

## **13. Register of Registered PIE Auditors**

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