



The following engagement letter and report of factual findings are for illustrative purposes only. The engagement letter and report of factual findings will need to be varied according to individual requirements and circumstances.

Illustrative Engagement Letter for an Agreed-Upon Procedures Engagement in Relation to Requirements of the Money Services Business Act 2011

To the Board of Directors of ABC Sdn Bhd

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TERMS OF ENGAGEMENT ("TOE") IN RELATION TO REQUIREMENTS OF THE MONEY SERVICES BUSINESS ACT 2011 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 20XX FOR ABC SDN BHD ("THE COMPANY")

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This letter is to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services that we will provide. Our engagement will be conducted in accordance with the Malaysian Approved Standard on Related Services, ISRS 4400 Engagements to Perform Agreed-Upon Procedures Regarding Financial Information.

We have agreed to perform the following procedures and report to you the factual findings resulting from our work:-

1. Obtain and check the computation of the monthly minimum capital funds balances computed by the management from the monthly unaudited trial balance of the Company for the financial year and compare the capital funds balances to the minimum capital funds requirement as prescribed under the Money Services Business (Minimum Capital Funds) Regulations 2011 and Money Services Business (Minimum Capital Funds) (Amendment) Regulations 2012 to report any instance of noncompliance.
2. Obtain a written representation from the management of the Company on the designated bank account(s) during the financial year for the purpose of remittance business and compare name of the designated bank account(s), name of account holder and account number to bank statement(s).
3. Obtain the monthly outstanding customers' monies for making remittance to or on behalf of customers' from the Company's designated remittance bank account(s) for the financial year, and compare the total to the balance in the related liability account(s). For amounts which did not agree, obtain reconciliations from the Company. For reconciliations obtained, trace the clearing of outstanding customers' monies to the bank statement(s) of the subsequent month.

4. Select XX<sup>1</sup> sample remittance transactions from the Company's list of all outward remittance transactions during the financial year and check settlement by tracing these transactions to the designated remittance account(s)<sup>2</sup> not later than the next business day by agreeing to the remittance account bank statement(s).
5. Select XX<sup>1</sup> sample withdrawals of customers' monies from the Company's designated remittance bank account(s) for the financial year and check that withdrawals are made in accordance with Section 37(3) of the Money Services Business Act 2011 ("the Act").
6. Select XX<sup>1</sup> sample deposits of customers' monies from the Company's designated remittance bank account(s) for the financial year and check that deposits are made in accordance with Section 37(4) of the Act.

The procedures that we will perform are solely to assist you in complying with the auditor's reporting requirements of the Act. Our report is not to be used for any other purpose and is solely for your information. The procedures that we will perform will not constitute an audit or a review made in accordance with the Malaysian Approved Standards on Auditing or Malaysian Approved Standards on Review Engagements and, consequently, no assurance will be expressed.

We look forward to full cooperation with your staff and we trust that they will make available to us whatever records, documentation and other information requested in connection with our engagement.

Our fees, which will be billed as work progresses, are based on the time required by the individuals assigned to the engagement plus out-of-pocket expenses. Individual hourly rates vary according to the degree of responsibility involved and the experience and skill required.

Please sign and return the attached copy of this letter to indicate that it is in accordance with your understanding of the terms of the engagement including the specific procedures which we have agreed will be performed.

Audit & Co

Acknowledged on behalf of ABC Sdn Bhd by  
(signed)

Name and Title

Date

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<sup>1</sup> The sample size agreed with the Board of Directors should be sufficient to represent money services business transactions occurring during the financial year from 1 January XX to 31 December XX (or the period under review, where relevant).

<sup>2</sup> Under certain circumstances or business practices, the outward remittance transactions may have been pre-funded or the remittance companies may have existing net-off arrangements with their foreign counterparts. Where such circumstances or business practices are noted in the performance of this procedure, they are required to be reported accordingly.

Illustrative Report of Factual Findings for an Agreed-Up On Procedures Engagement in Relation to Requirements of the Money Services Business Act 2011 Referring to Procedures Contained in an Engagement Letter

To the Board of Directors of ABC Sdn Bhd

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AGREED-UPON PROCEDURES IN RELATION TO REQUIREMENTS OF THE MONEY SERVICES BUSINESS ACT 2011 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 20XX FOR ABC SDN BHD ("THE COMPANY")

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We have performed the procedures set out in our Terms of Engagement dated XX and enumerated below.

Our engagement was undertaken in accordance with the Malaysian Approved Standards on Related Services, ISRS 4400 Engagements to Perform Agreed-Up On Procedures Regarding Financial Information. The procedures were performed solely to comply with the auditor's reporting requirements of the Money Services Business Act 2011 ("the Act") and are summarised as follows:-

1. We obtained and checked the computation of the monthly minimum capital funds balances computed by the management from the monthly unaudited trial balance of the Company for the financial year and compared the capital funds balances to the minimum capital funds requirement as prescribed under the Money Services Business (Minimum Capital Funds) Regulations 2011 and Money Services Business (Minimum Capital Funds) (Amendment) Regulations 2012 to report any instance of noncompliance.
2. We obtained a written representation from the management of the Company on the designated bank account(s) during the financial year for the purpose of remittance business and compared name of the designated bank account(s), name of account holder and account number to bank statement(s).
3. We obtained the monthly outstanding customers' monies for making remittance to or on behalf of customers' from the Company's designated remittance bank account(s) for the financial year, and we compared the total to the balance in the related liability account(s). For amounts which did not agree, we obtained reconciliations from the Company. For reconciliations obtained, we traced the clearing of outstanding customers' monies to the bank statement(s) of the subsequent month.
4. We selected XX<sup>3</sup> sample remittance transactions from the Company's list of all outward remittance transactions during the financial year and checked settlement by tracing these transactions to the designated remittance account(s)<sup>4</sup> not later than the next business day by agreeing to the remittance account bank statement(s).

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<sup>3</sup> See footnote 1.

<sup>4</sup> See footnote 2.

5. We selected XX<sup>5</sup> sample withdrawals of customers' monies from the Company's designated remittance bank account(s) for the financial year and checked that withdrawals are made in accordance with Section 37(3) of the Act.
6. We selected XX<sup>5</sup> sample deposits of customers' monies from the Company's designated remittance bank account(s) for the financial year and checked that deposits are made in accordance with Section 37(4) of the Act.

We report our findings below:-

- a. With respect to item 1, we found the capital funds balances from the monthly unaudited trial balance of the Company for the financial year met the minimum capital funds requirement as prescribed under the Money Services Business (Minimum Capital Funds) Regulations 2011 and Money Services Business (Minimum Capital Funds) (Amendment) Regulations 2012.
- b. With respect to item 2, we have obtained a written representation from the management of the Company on the designated bank account(s) during the financial year for the purpose of remittance business as follows : Bank account bearing name of account holder ....., number ..... of ..... (Alternatively, if there are many designated bank account(s) during the financial year for the purpose of remittance business, this may be listed in an Appendix to the Findings Report)
- c. With respect to item 3, we found the amount agreed, or with respect to amounts which did not agree, we found the Company had prepared reconciliations and that all outstanding customers' monies were cleared in the subsequent month's bank statement(s) with the following exceptions:  
  
(Detail of exceptions)
- d. With respect to item 4, we found the XX<sup>5</sup> sample remittance transactions from the Company's list of all outward remittance transactions during the financial year were paid into the designated remittance account(s) not later than the next business day by agreeing to the remittance account bank statement(s).
- e. With respect to item 5, we found the XX<sup>5</sup> sample withdrawals of customers' monies from the Company's designated remittance bank account(s) for the financial year were made in accordance with Section 37(3) of the Act.
- f. With respect to item 6, we found the XX<sup>5</sup> sample deposits of customers' monies from the Company's designated remittance bank account(s) for the financial year were made in accordance with Section 37(4) of the Act.

Because the above procedures do not constitute either an audit or a review made in accordance with the Malaysian Approved Standards on Auditing or Malaysian Approved Standards on Review Engagements, we do not express any assurance on the compliance with the requirements of the Act.

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<sup>5</sup> See footnote 1.

Had we performed additional procedures or had we performed an audit or review in accordance with Malaysian Approved Standards on Auditing or Malaysian Approved Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the second paragraph of this report and is not to be used for any other purpose or to be distributed to any other parties.

[Auditor's signature]

[Date of the auditor's report]

[Auditor's address]