

Implementation Guidance on Agreed-Upon Procedures (AUP) and the preparation of the Report of Factual Findings

Introduction

The guidance is intended to provide clarifications to licensees on the performance of the Agreed-Upon Procedures (AUP) and the preparation of the Report of Factual Findings, in relation to the provision of the Money Services Business Act 2011 (MSBA).

No.	Questions	Answers
1.	What is AUP?	AUP is a set of procedures performed by an auditor to validate whether licensee has complied with specific provisions of the MSBA as identified by Bank Negara Malaysia (BNM). The AUP is not a part of the statutory audit.
2	What is the Report of Factual Findings?	The Report of Factual Findings is a report prepared by an auditor following the performance of the AUP to express whether a licensee has complied with the specific provisions of the MSBA.
3.	Which specific provisions of the MSBA are subjected to the performance of the AUP?	<p>The AUP is required to be performed on the following specific provisions:</p> <p>a) Section 22 of the MSBA (applicable to all licensees)</p> <p>To validate whether a licensee has complied with the requirement to maintain minimum capital funds as prescribed under the following regulations:</p> <ul style="list-style-type: none"> i. Money Services Business (Minimum Capital Funds) Regulations 2011; ii. Money Services Business (Minimum Capital Funds) (Amendment) Regulations 2012; and iii. Money Services Business (Minimum Capital Funds) (Amendment) Regulations 2013. <p>and,</p> <p>b) Section 37 of the MSBA (applicable to licensees carrying on remittance business)</p> <p>To validate whether:</p> <ul style="list-style-type: none"> i. the licensee has complied with the requirement to maintain a designated account for remittance business; and ii. the monthly outstanding customers' monies for remittance business agree to the related liability account(s).

4.	When shall the AUP be performed and how frequent?	<p>The AUP can be performed during a licensee's statutory audit. This is to facilitate a more efficient administrative arrangement for the licensee.</p> <p>The AUP shall be performed once a year and shall take effect from financial year-end September 2014.</p>
5.	How to submit the Report of Factual Findings to BNM following the conduct of AUP?	<p>The Report of Factual Findings should be submitted to BNM together with the licensee's audit report within three (3) months from its financial year-end.</p> <p>However, if the Report of Factual Findings is not ready for submission together with its audit report, a licensee shall proceed to submit its audit report first to ensure compliance with section 31 (9) of the MSBA. In this regard, a licensee shall inform and submit the Report of Factual Findings to BNM separately at a later date, not more than one (1) month after the deadline for submission of the audit report.</p>
6.	Can an auditor submit the Report of Factual Findings to BNM on behalf of a licensee?	<p>An auditor can submit the Report of Factual Findings to BNM on a licensee's behalf, subject to the timeline as stipulated in question no. 5.</p>

Any updates to the guidance will be notified to the licensees from time to time.

Should you have additional related queries, please submit your queries via any of the following means:

- a) Mail : Director
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- b) Email : msbr@bnm.gov.my