



Perbadanan Insurans Deposit Malaysia
Protecting Your Insurance And Deposits In Malaysia

RESPONSE TO THE CONSULTATION PAPER ON:

- (I) PROPOSED ENHANCEMENTS TO THE GUIDELINES ON DEPOSIT INFORMATION SYSTEMS AND SUBMISSION (“DISS GUIDELINES”); AND**
- (II) VALIDATION PROGRAMME OF MINIMUM REQUIREMENTS UNDER THE DISS GUIDELINES.**

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1.0 INTRODUCTION

1.1 On 15 October 2012, Perbadanan Insurans Deposit Malaysia (“PIDM”) issued a consultation paper (“CP”)¹ on the following proposals:

- (a) Enhancements to the Guidelines on Deposit Information System and Submission (“DISS Guidelines”); and
- (b) External auditor validation programme of the minimum requirements of a deposit liability system as set out under the DISS Guidelines.

In addition to the abovementioned proposals, the CP also included several survey questions to help PIDM further understand the deposit-taking members’ (“DTM”) operational capabilities and governance in relation to their deposit liability systems.

1.2 Comments were received from thirty nine (39) DTMs, Bank Negara Malaysia (“BNM”) and four (4) professional firms involved in the external audits of DTMs.

1.3 As part of the consultation process, PIDM is disclosing publicly its response to the comments received in respect of the two (2) proposals referred to in paragraph 1.1. Comments received on the survey questions are for PIDM’s information and for future policy development purposes. Accordingly, they do not form part of this response paper.

1.4 PIDM wishes to thank all respondents for their written comments on the CP. The comments have been given due consideration and PIDM’s response to the detailed comments are set out in Section 3.0. Given that there is significant overlap in the comments received, comments and responses have been grouped based on broad topics, where appropriate, in this paper.

¹ Titled “Consultation Paper on: (I) Proposed Enhancements to the Guidelines on Deposits Information System and Submission (“DISS Guidelines”); and (II) Validation Programme of Minimum Requirements under the DISS Guidelines.

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2.0 OVERVIEW OF COMMENTS RECEIVED AND PIDM’S RESPONSES

General

- 2.1 Generally, respondents appreciated the need for PIDM to implement the proposed enhancements to the DISS Guidelines and the external auditor validation programme.
- 2.2 Comments received were generally suggestions to cater for specific circumstances. PIDM has reviewed the comments received and adopted them, where appropriate.

In relation to the proposed enhancements to the DISS Guidelines

Self-certification by DTMs of compliance with the DISS Guidelines

- 2.3 The CP proposed that primary ownership and responsibility for ensuring compliance with the DISS Guidelines should rest with the DTMs. Accordingly, it was proposed that the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) of DTMs be required to provide an annual certification of compliance together with the annual submission of the standard file format (“SFF”) with effect from 2013. The proposed annual certification form was set out in Annexure 1 of the CP and feedback was sought with regard to its form and content.
- 2.4 None of the respondents raised any objections to PIDM’s proposal to implement a self-certification requirement of compliance with the DISS Guidelines. However, there were comments in relation to the following areas:
 - (a) Form and content of certification;
 - (b) Party to provide certification; and
 - (c) Timing of compliance.
- 2.5 Taking the comments and PIDM’s response as set out in Section 3.0 into account, PIDM has set out the enhanced annual certification form in Appendix 1.



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Requirement for DTMs to furnish PIDM a reconciliation of deposit balance in SFF with the general ledger and with statistical reports provided to BNM

- 2.6 The CP proposed that the DISS Guidelines be enhanced to require DTMs to provide a reconciliation of the total deposits in the SFF with the amounts reported in the general ledger as well as with the statistical reports provided to BNM for the corresponding period when submitting the SFF to PIDM.
- 2.7 Whilst most respondents were agreeable to the proposal to provide PIDM with the appropriate reconciliations, some respondents had pointed out that the proposed reconciliations would be unnecessary and burdensome. Notwithstanding the varying views, respondents generally urged PIDM to provide a standard reconciliation template.
- 2.8 Taking the feedback into account, PIDM is agreeable to dispense with the proposal to require a reconciliation statement to the statistical reports provided to BNM. However, DTMs are required to furnish PIDM with a reconciliation statement between the deposit balance in the SFF and the general ledger that is approved and signed by the CFO in the format as attached in Appendix 2.

In relation to the proposed external auditor validation programme of the minimum requirements for deposit liability system as set out under the DISS Guidelines

- 2.9 The CP proposed to implement an external auditor validation program to determine the DTMs' compliance with the minimum requirements for deposit liability system as set out in the DISS Guidelines ("Minimum Requirements"), particularly in respect of those Minimum Requirements that PIDM is unable to validate through the deposit information submitted to PIDM in the SFF.
- 2.10 Several respondents had urged PIDM to consider leveraging on the internal audit teams of DTMs to perform the proposed validation procedures so as not to overburden the DTMs in terms of cost. PIDM is of the view that internal audit teams play a significant role in ensuring the DTMs' overall compliance with the requirements set out in the DISS Guidelines and in providing assertions to the CEOs and CFOs for purposes of the annual certification of compliance with the requirements of the DISS Guidelines to PIDM. PIDM urges DTMs to consult their respective external auditors on the role that the internal audit team can play in facilitating the external auditor validation programme, which is designed to allow



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PIDM to obtain independent confirmations on the DTMs' compliance with the Minimum Requirements.

2.11 Most of the other comments received were in relation to the form and content of the proposed work procedures. As mentioned, PIDM has reviewed the comments in detail and has attempted to accommodate the comments, wherever possible without compromising the objectives of the proposals. The following is a summary of some of the key comments received which has led to the enhancements to the proposed work programme:

(a) Compliance with International Standards to perform Agreed-Upon-Procedures

PIDM has received comments from the professional firms involved in the external audits of DTMs with regard to the compliance of the proposed work procedures with the International Standards on Related Services 4400 "Engagements to Perform Agreed-Upon-Procedures Regarding Financial Information".

PIDM takes note of the comments received and has reflected the appropriate changes to the proposed work procedures, whilst retaining the objectives of the respective work programmes.

(b) Sample selection for work procedures

There was a view that the sample sizes stipulated in the respective work procedures may be inadequate for PIDM to observe any exceptions or trends to be able to make a meaningful assessment of the respective areas. Taking cognisance of the comments, PIDM has revised the earlier proposed sample sizes, whilst at the same time attempting not to overburden the DTMs.

PIDM's detailed responses to the comments received in relation to the proposed external auditor validation programme of the Minimum Requirements are set out in Section 3.0. The revised validation programme and template for the external auditor's independent validation report is set out in Appendix 3 and 4 of this paper respectively.

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3.0 DETAILED COMMENTS RECEIVED AND PIDM’S RESPONSES

In relation to the proposed enhancements to the DISS Guidelines

Self-certification by DTMs of compliance with the DISS Guidelines

Comments Received:

None of the respondents raised any objections to the proposal to implement the self-certification of compliance with the DISS Guidelines requirement with effect from 2013. There were, however, comments in relation to the form and content of the proposed annual certification form. The comments received can be grouped into the following categories:

(a) Form and content of certification

- The certification should be less affirmative in nature as CEOs and CFOs place heavy reliance on information provided by depositors and systems maintained by the DTMs. In this regard, several suggestions were proposed by various respondents.
- The words “necessary compliance and internal control” in the certification should be changed to “effective key compliance” to be consistent with the wordings of the certification to PIDM pursuant to the Guidelines on Total Insured Deposits: Calculation and completion of returns (“TID Guidelines”).
- The annual certification form should not require DTMs to certify exception as any exceptions noted will be specified in the external auditor’s independent validation report to PIDM.

(b) Party to provide certification

- Alternate authorised signatories should be allowed to execute the annual certification form in the absence of the CEO and CFO.

(c) Timing of Compliance

- DTMs should be granted time to comply with the requirements set out in the DISS Guidelines, particularly in respect of the new requirements/revisions incorporated in the DISS Guidelines.
- New licensees should be provided more time to comply with the requirements set out in the DISS Guidelines.



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PIDM's Response:

PIDM sets out the following response in relation to each category:

(a) Form and content of certification

PIDM takes note of the concerns raised in relation to the certification required under the proposed annual certification form. However, PIDM is of the view that the CEOs and CFOs should be in a position to affirm that effective key compliance and internal control have been maintained over the recording of transactions and that information provided to PIDM in the SFF is, to the best of their knowledge, true and correct. Further, PIDM is agreeable to the suggestion to change the words "necessary compliance and internal control" to "effective key compliance" to be in line with the certification provided under the TID Guidelines. Accordingly, the second paragraph of the annual certification form is amended as follows:

"We declare that effective key compliance and internal control have been maintained over the recording of transactions and that information provided to PIDM in the SFF on [dd/mm/yyyy] for the position as at 31 December 20[XX] is, to the best of our knowledge, true and correct."

With regard to the comment that the annual certification form should not require DTMs to certify exception on the grounds that any exceptions noted will be specified in the external auditor's independent validation report to PIDM, PIDM is of the view that DTMs should take the primary responsibility of adhering to the requirements set out in the DISS Guidelines and make the necessary certification to PIDM in respect of any exceptions noted. The external auditor's independent validation is designed to validate the assertion made by the CEOs and CFOs. Accordingly, PIDM is not agreeable to adopt this comment.

The revised annual certification form is attached as Appendix 1.

(b) Party to provide certification

The information in the SFF is used by PIDM to: (i) validate and assess the correctness of the Total Insured Deposits computation submitted by DTMs



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pursuant to the TID Guidelines; and (ii) facilitate the reimbursement of insured deposits to depositors in the unlikely event of a DTM failure. Given the importance of obtaining accurate and reliable information in the SFF, PIDM requires the DTM's senior management's commitment to ensure compliance with the requirements as set out in the DISS Guidelines.

Further, given that the certification is only required on an annual basis, PIDM is of the view that DTMs should be able to plan the timely execution of the annual certification by the CEOs and CFOs.

For the reasons cited above, PIDM will retain the requirement for the CEO and CFO to execute the annual certification form.

(c) Timing of compliance

PIDM takes note of the feedback and concerns of the DTMs, particularly in respect to the new requirements that may be imposed by PIDM. With regard to the compliance for 2013, PIDM is pleased to inform that there is no significant changes to the Minimum Requirements and the SFF.

With respect to any additional requirements that may be incorporated in the DISS Guidelines in future, PIDM will specify the date when such requirements will come into force, taking into account factors such as urgency, extent of work involved for the DTMs to comply with the new requirements and any other factors that PIDM considers appropriate. The DTMs shall only be required to comply with the new requirements upon them coming into force as specified by PIDM.

With respect the view that new licensees should be given more time to comply, PIDM requires all DTMs having deposits as at 31 December of any given year to comply with the requirements set out therein by the submission date of 31 May of the following year.



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Requirement for DTMs to furnish PIDM with reconciliation statements of deposit balance in SFF with the general ledger and with statistical reports provided to BNM

Comments Received:

Whilst most respondents were agreeable to the proposal to provide PIDM with the appropriate reconciliations, some respondents had pointed out that the proposed reconciliations would be unnecessary and burdensome given that the DISS Guidelines have different reporting criteria to the DTMs' general ledger, as well as, to the statistical reports provided to BNM.

As the *Guidelines on Validation Programme: Differential Payment Systems and Total Insured Deposits* ("DPS/TID Validation Guidelines") required external auditors of DTMs to validate deposit information on Return on Total Insured Deposit ("RTID") to the general ledger and BNM statistical reports, there was a suggestion for DTMs to provide only a reconciliation statement of the deposit balance in the SFF to that in the RTID, especially since the underlying deposit data used to generate RTID would have been the same as that contained in the SFF and is validated by the external auditors.

Notwithstanding the varying views, several respondents have urged PIDM to provide a standard reconciliation template.

PIDM's Response:

PIDM takes note of the comments received from the respondents. Given that DTMs would typically reconcile the general ledger with the statistical reports submitted to BNM, PIDM agrees that it may be unnecessarily burdensome for DTMs to prepare a reconciliation statement between the deposit balance in the SFF and the statistical reports submitted to BNM. Accordingly, PIDM is agreeable to dispense with the proposal to require the submission to PIDM, of a reconciliation statement between the deposit balance in the SFF and the statistical reports provided to BNM.

However, PIDM would require DTMs to furnish PIDM with a reconciliation statement, that is approved and signed by the CFO in the format as shown in Appendix 2, of the deposit balance in the SFF and the general ledger.

On the suggestion for DTMs to provide a reconciliation statement of the deposit balance in the SFF to that in the RTID, given that the objective of this reconciliation is also to ensure that all deposits as reflected in the general ledger are included in



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the SFF for purposes of deposit reimbursement to the depositors in the unlikely event of a DTM failure, PIDM is of the view that a direct reconciliation between the deposit balance in the SFF to that in the general ledger would be more purposeful.

In relation to proposed external auditor validation programme of the minimum requirements for deposit liability system as set out under the DISS Guidelines

General comments

(a) Alternative validation approaches

Comments Received:
<p>Whilst respondents generally saw the need for PIDM to implement a validation programme of the Minimum Requirements, many were concerned that such validation programme conducted by the external auditors would pose an undue burden on DTMs in terms of effort and cost, considering that DTMs are already subjected to external auditors' validation pursuant to the DPS/TID Validation Guidelines. Instead, respondents urged PIDM to consider leveraging on the DTM's internal audit team to achieve its validation objectives. There was a view that the DTM's internal audit team is integral to the provision of confidence in the annual certification process of the DTM and recommended that the DTMs internal audit team be included within the scope of the annual certification review by requiring that the internal audit team prepare an independent report of sufficient granularity, which validates compliance of the DTM's internal processes with the Minimum Requirements.</p> <p>There was also a suggestion to combine the proposed validation procedures as part of DPS/TID Validation Guidelines and to monitor compliance of these requirements through a unified guideline.</p> <p>Given that the SFF is also designed to facilitate reimbursement of insured deposits to the depositors in the unlikely event of a DTM failure, there was a view from a respondent that the validation exercise across all DTMs should be undertaken by a sole service provider who understands the overall objective of PIDM.</p>



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Several respondents also sought clarification on the need for a validation programme given that PIDM's system has in-built validation processes, which validates the SFF at a very granular level.

PIDM's Response:

PIDM takes note of the concerns raised and would like to highlight that the proposed validation programme was not in any way intended to side-line the role of the DTM's internal audit team, which plays a significant role in ensuring the DTM's overall compliance with the requirements set out in the DISS Guidelines and in providing assertions to the CEOs and CFOs for purposes of the annual certification to PIDM of the DTMs' compliance with the requirements of the DISS Guidelines.

Rather, the proposed validation programme is designed to allow PIDM to obtain independent confirmation on the DTMs' compliance to the requirements under the DISS Guidelines. In its design, PIDM took into consideration the financial cost that the proposed validation programme would pose to the DTMs and attempted to strike a balance between not unduly overburdening the DTMs on the one hand and obtaining sufficient information of the DTMs compliance with the Minimum Requirements on the other hand. For instance, the proposed work programme excludes the requirement for external auditors to perform validation procedures on areas where PIDM is able to validate the DTMs' compliance through alternative means².

PIDM urges DTMs to consult their respective external auditors regarding the role that the internal audit team can play in facilitating the proposed validation programme.

In respect of the suggestion to incorporate the proposed validation programme into the DPS/TID Validation Guidelines, PIDM is of the view that, whilst there are synergies in doing so, it may not be timely to implement the same immediately, given that PIDM has observed that not all DTMs have equal capabilities to generate accurate and reliable deposit information in the SFF. PIDM may evaluate this proposal at a future date.

² For example, through the SFF submitted or through existing validation procedures set out in the DPS/TID Validation Guidelines.

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In respect of the suggestion that the validation programme should be undertaken by a sole service provider who understands the overall objective of PIDM, PIDM is of the view that there are merits, for purposes of annual validation, to leverage on the work already being carried out by the external auditors who have an in-depth understanding of the DTMs’ systems and procedures. PIDM is of the view that the requirement for DTMs to engage a sole service provider, who is not the external auditor of the DTM, for purposes of the annual certification would pose a greater burden on DTMs in terms of effort and cost. Having said that, PIDM reserves its right to appoint a service provider to carry out further independent investigations in the event significant and/or persistent exceptions are noted from the external auditor validation programme.

On the view whether there is a need for the external auditor validation programme given that PIDM’s system has in-built validation processes, PIDM wishes to highlight that PIDM has taken the in-built validation processes into account in the development of the external auditor validation programme. PIDM’s system primarily validates the consistency of format and data that has been submitted. Its purpose and objective are different from the external auditor validation programme which is designed to validate the compliance of the DTMs’ deposit liability systems to the Minimum Requirements.

(b) Random date validation requirement

Comments Received:
With regards the validation procedures that require reports to be generated on “random dates”, several respondents had pointed out that their existing systems and procedures have inherent limitations in providing historical subsidiary ledger information to the external auditor to perform the appropriate validation procedures based on a “random date”.
PIDM’s Response:
PIDM wishes to clarify that the purpose of the validation on a “random date” is to allow PIDM to understand how the practices of the various DTMs would affect deposit reimbursement in the unlikely event that PIDM is required to do so. Whilst most DTMs are likely to have their records reconciled at month-end dates, PIDM notes that a potential deposit reimbursement event need not necessarily coincide with a month-end date.

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As such, it is important that DTMs implement sufficient controls to ensure that the subsidiary ledgers and the general ledger (including suspense accounts) are reconciled at all times.

For purposes of these validation procedures, the DTMs’ external auditors are required to identify a “random date” which could be a current or forward date as opposed to a historical date.

(c) Compliance with International Standards to perform Agreed-Upon-Procedures

Comments Received:
PIDM has received comments from some of the professional firms involved in the external audits of DTMs with regard to the compliance of the proposed work programme with the International Standards on Related Services 4400 “Engagements to Perform Agreed-Upon-Procedures Regarding Financial Information”.
PIDM’s Response:
PIDM takes note of the comments received and has reflected the changes in the proposed work programmes attached in Appendix 3, without changing the objectives of the respective work programmes.

(d) Sample selection for work procedures

Comments Received:
There was a view that the sample sizes stipulated in the respective work procedure may be inadequate for PIDM to observe any exceptions or trends in order to make a meaningful assessment of the respective areas.
On the other hand, newer DTMs were of the view that the stipulated sample sizes were too big, relative to the size of their deposits base.
PIDM’s Response:
In order not to overburden the DTMs, the design of the proposed validation programme has adopted a two (2) tier approach in assessing the DTMs’ compliance with the Minimum Requirement, as follows:

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- **Tier one (1)** - involves PIDM conducting an overview assessment of the respective areas. PIDM's overview assessment will, as a minimum, involve inputs from three (3) areas, namely: (i) format and data validation by PIDM's system on the SFF; (ii) CEO and CFO's annual certification; and (iii) findings from the external auditor's validation programme; and
- **Tier two (2)** - involves a more detailed bespoke review on identified areas of concern if there are any significant or persistent findings from the overview assessment.

It is therefore important that the samples selected as part of the overview assessment are sufficient to highlight exceptions or trends to PIDM.

Taking cognisance of the feedback, PIDM proposes to revise the sample sizes as follows:

No	Work Programme	Original Proposed Sample Size	Revised Sample Size
1	Validation of the capability of deposit liability systems in maintaining accurate product codes for each depositor's account.	Fifty (50) accounts from the product listing report. Sample size will be fifty (50) accounts irrespective of the number of products.	Ten (10) accounts from each product name in the DTM's product listing reports. Assuming that a DTM has twenty (20) deposit products, the sample size will be two hundred (200) accounts.
2	Validation of the capability of deposit liability system in identifying depositor type for each deposit.	Twenty (20) accounts for each account type in SFF. Assuming that a DTM has accounts in respect of all the seven (7) account types stipulated by PIDM, total sample size will be one hundred and forty (140) accounts.	Fifty (50) accounts for each account type in SFF. Assuming that a DTM has accounts in respect of all the seven (7) account types stipulated by PIDM, total sample size will be three hundred and fifty (350) accounts.

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3	Validation of the maintenance of beneficiary information of trust accounts.	<p>Top ten (10) accounts by value for each type of trust account</p> <p>Assuming that a DTM has accounts in respect of both types of trust account stipulated by PIDM, total sample size will be twenty (20) accounts.</p>	<p>Top twenty (20) accounts by value for individual trust accounts and non-individual trust accounts respectively.</p> <p>Assuming that a DTM has accounts in respect of both types of trust account stipulated by PIDM, total sample size will be forty (40) accounts.</p>
4	Validation of the computation of interest or return at any random date(s).	<p>A total of fifty (50) samples across all deposit types.</p> <p>Sample size will be fifty (50) accounts irrespective of number of products.</p>	<p>Two (2) samples across each deposit product code</p> <p>As this approach will result in a complete test across all deposit product codes, PIDM is of the view that two (2) samples per product will suffice as interest and return computation is typically system driven and will be consistently applied for the same product code.</p>

With respect to the sample size used in the validation of uncleared items and transactions pending settlement in the DTMs’ systems, PIDM has enhanced the work programme to refer to the sample size selected from the work programme under the DPS/TID Validation Guidelines “Compilation of Information from general ledger to RTID” without quantifying the same. PIDM is of the view that this approach provides for clarity whilst allowing for flexibility for future changes to the sample size under the DPS/TID Validation Guidelines.

PIDM is of the view that the revised sample sizes for the respective validation procedures will provide a more effective representation to PIDM.



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Work Programme – Information in SFF

(a) Validation of the capability of deposit liability systems in maintaining accurate product codes for each depositor's account

Comments Received:

Whilst most respondents were agreeable to this work procedure, some were cautious that it may be difficult to validate the details of the SFF with the details in the subsidiary ledgers directly as the subsidiary ledger's product listing reports may have different variants of product commercial names for the same type of product listed with PIDM. An example cited, was:

DTM's Product Name	PIDM Product Name
Premium Savings Account	Premier with Easigrow Account

In addition, it was pointed out that pursuant to the Guidelines on Submission on Deposit Product Information" issued on 18 August 2010, there may be a collective submission which does not have a specific name for a specific product. For instance:

DTM's Product Name	PIDM Product Name
5-Year Brazilian Growth Linked FRNID	4-Year MYR Asian Growth Linked FRNID

These respondents highlighted that, as their subsidiary ledger only contains the local product code (which is different from the PIDM product code), whilst the SFF file only contains PIDM's Product Code, there are usually mapping tables to map the local product code to the corresponding PIDM's product code.

Further, it was pointed out that, as PIDM's Deposit Product Insurability Report is only provided in May and November of each year, there will inevitably be a mismatch of product codes available in the subsidiary ledger product listing report as at 31 December, when compared to PIDM's Deposit Product Insurability Report as products registered in November and December will not be reflected in the latter report.



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PIDM's Response:

PIDM recognises that there may be instances when the local product name and the name reflected in PIDM's Deposit Product Insurability Report may not be identical for various reasons, some of which may be valid. In this regard, the work programme has been enhanced to provide DTMs with an opportunity to explain the reasons for the exceptions noted to the external auditors. PIDM shall review these comments and may seek further clarifications from the respective DTMs, if required.

(b) Validation of the capability of deposit liability system in identifying depositor type for each deposit

Comments Received:

Several respondents viewed this work procedure as a duplication of the work procedure set out under the DPS/TID Validation Guidelines.

Several respondents also pointed out that checking of account opening details for old accounts may be difficult to comply with and some urged PIDM to revise the work procedure to only include accounts opened within the past seven (7) years.

There was also a view that the deposit type should not be used as a basis for aggregation but rather to perform aggregation based on the business registration field.

PIDM's Response:

PIDM wishes to clarify that the purpose of this work procedure is to test whether the deposit classification in the SFF is correct or otherwise, whilst the work procedure under the DPS/TID Validation Guidelines is to test the deposit classification in the RTID. Whilst similar in nature, PIDM notes that the DPS/TID Validation Guidelines do not presently incorporate a work procedure to test the classification of the deposit type to the source document.

With regards to the comment on difficulty to trace source documents for old accounts, PIDM takes note of the constraints and has enhanced the work programme to provide DTMs with an opportunity to explain the reasons for the exceptions noted to the external auditors. PIDM will review these comments and may seek further clarifications from the respective DTMs, if required.



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On the importance of the classification of deposits by deposit type, PIDM is of the view that whilst the business registration may be indicative of the type of account, it does not allow PIDM to segregate the accounts between regular accounts that enjoy single coverage with joint and trust accounts which enjoy multiple and separate coverages based on the number of joint parties or the beneficiaries for each account.

(c) Validation of the maintenance of beneficiary information of trust accounts

Comments Received:
<p>It was encouraging to note from the comments that some respondents have implemented appropriate processes to remind branches to request for beneficiary information from trustees based on PIDM's requirements. However, several respondents have also acknowledged that beneficiary details were not forthcoming as trustees seldom disclose the beneficiary list to the DTMs.</p> <p>In view of the low response rate by trustees, one (1) respondent had suggested that the samples for this validation procedure be selected only from the population of trustees who had submitted the updates for the year.</p> <p>A contrary view was that this work procedure should be dispensed with altogether given that the external auditors already perform work procedures on beneficiary details under the DPS/TID Validation Guidelines. The argument in support of this assertion is that the underlying data used for RTID and SFF is the same.</p>
PIDM's Response:
<p>PIDM is of the view that, given the objective of the work programme is to test the DTMs' maintenance of beneficiary information of trust accounts (i.e. to determine if trust account details have been updated), it may not be appropriate to select the samples for this validation procedure from the population of trustees who had submitted the updates for the year.</p> <p>With regard to the assertion that DTMs' external auditors already perform work procedures on the beneficiary details under the DPS/TID Validation Guidelines, PIDM wishes to inform that under the DPS/TID Validation Guidelines, external auditors select samples of individual and non-individual trust accounts to check</p>

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if aggregation rules are applied correctly or otherwise and to also report the findings on the availability of such information.

There is presently no work procedure to validate whether details of the beneficiary have been updated by the DTMs when received from the trustees. DTMs should note that the Malaysia Deposit Insurance Corporation (Disclosure Requirements for Trust Accounts and Joint Accounts) Regulations 2012, amongst others, requires DTMs to annually notify each trustee acting for two (2) or more beneficiaries of the annual disclosure requirements of trust accounts as provided in the said regulations.

(d) Validation to ensure the accuracy of uncleared items and transactions pending for settlement in the DTM's system

Comments Received:
<p>Comments received in relation to this work procedure were in respect of the following areas:</p> <ul style="list-style-type: none"> (i) SFF reflects only uncleared drafts arising from fund transfers from deposit accounts and as such, the total of the uncleared drafts will not agree with the general ledger. (ii) If the SFF is generated based on a random date, more time is required to ensure that all interfaces, clearing and other potential reconciliation issues can be completed before the SFF is submitted to PIDM. (iii) The validation step will not fully validate all uncleared items and transactions for settlement as it addresses only outward-clearing items, whereas information on inward-clearing items will reside with other institutions, and the provision of such information will be time dependent.
PIDM's Response:
<p>In respect of area (i), PIDM takes note of the comment. However, PIDM is of the view that reconciliation to the general ledger would still be possible as it is a requirement pursuant to the DISS Guidelines for DTMs' deposit and remittance systems to identify and track whether remittances and bills payable instruments</p>



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(such as cashier order, interbank GIRO, internet banking, telegraphic transfer etc) are made through cash payments or by debiting of deposit accounts.

In respect of area (ii), PIDM is pleased to confirm that the work procedure is only presently applicable for SFF generated as at 31 December. No random date reconciliations are required.

In respect of area (iii), PIDM wishes to clarify that the purpose of this work procedure is to only validate outward-clearing items and bills payable as reflected in the SFF, which has a bearing on the computation of total insured deposits.

Work Programme – Deposit Liability System

(a) **Validation of the subsidiary ledger(s) and the general ledger balances at any random date(s)**

Comments Received:
<p>It was encouraging to note that several respondents were confident that random date reconciliation of their subsidiary ledgers and the general ledger balances was possible, although some pointed out that it may take some time to be able to produce the reconciliations.</p> <p>There was a view that performing validations at random dates may not be necessary as it is likely to produce the same set of information and verification as that of the annual process. Further, it was pointed out that validation of subsidiary ledgers to general ledger balances is already part of the validation process under the DPS/TID Validation Guidelines. Hence this step is not required as the underlying deposit data used to generate RTID would be the same as SFF.</p>
PIDM's Response:
<p>PIDM wishes to clarify that, unlike the work procedure under the DPS/TID Validation Guidelines which involves the validation of the balances as at 31 December, the purpose of this work procedure is to test if the subsidiary ledgers and general ledger are reconcilable on a random date or otherwise.</p>



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Given that PIDM is to carry out its mandated functions with speed and efficiency upon the failure of a DTM, PIDM requires DTMs to ensure that their subsidiary ledgers and general ledger deposit balances are reconciled at all times. This requirement will provide greater assurance on the accuracy and quality of deposit information provided to PIDM in the SFF.

(b) Validation of balances in the reconciliation or suspense accounts at any random date(s)

Comments Received:

It was encouraging to note that several respondents were confident that they had sufficient controls in place to ensure that reconciliations can be performed on random dates for the various reconciliations and suspense accounts.

Some respondents however pointed out that while daily reconciliation is performed between source system and the general ledger, all other items in the general ledger, with the exception of some active accounts, clearing and control accounts, are only reconciled at month-end. If SFF is generated based on a random date, more time is then required to ensure that all interfaces, clearing and other potential reconciliation issues can be completed before SFF submission.

Some respondents urged PIDM to allow for acceptable variances as certain control accounts such as clearing, sundry, suspense and nostro, would require more time to investigate the variances.

Some respondents appeared to have misunderstood that the proposed work programme was to be extended to the suspense accounts that do not have relationship with customer deposits.

PIDM’s Response:

PIDM wishes to clarify that the purpose of the validation on a “random date” is to allow PIDM to understand how the practices of the various DTMs would potentially affect a reimbursement of insured deposits in the unlikely event that PIDM is required to do so. Whilst most DTMs are likely to have their records reconciled at month-end dates, PIDM notes that a potential deposit reimbursement need not necessarily coincide with a month-end date.

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As such, it is important that DTMs implement sufficient controls to ensure that suspense accounts can be reconciled on any random date.

With regard to the view that PIDM should allow for acceptable variances, PIDM takes note that there will inevitably be items in suspense that may not be reconciled to source on any given day. For purposes of this work programme, PIDM is primarily testing the capability of DTMs to perform the reconciliations. PIDM’s focus for purposes of deposit reimbursement is on the age and scale of the items not reconciled, which is the purpose of the next work programme.

(c) Validation of items in the reconciliation or suspense accounts

Comments Received:
Responses were essentially divided on whether the DTMs’ systems were able to generate ageing analysis based on random dates for the purpose of this work programme.
Some respondents pointed out that based on their internal control and policy for management of suspense accounts, they do not necessarily track the ageing of suspense items based on the age buckets proposed in the work programme.
PIDM’s Response:
PIDM takes note of the comments and is pleased to inform that the work programme has been amended to only require validation as at 31 December. With regards to the age buckets, PIDM will require DTMs to provide an ageing analysis based on the age buckets set out in the work programme.

(d) Validation of the computation of interest or return at any random date(s)

Comments Received:
Some respondents highlighted that, as testing of the accuracy of interest or return calculation is performed by the external auditors during their test of internal controls as part of the statutory audit assignment, a separate validation programme was not necessary. They also pointed out that these computations are system and process driven.



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Some respondents informed that posting of interest payable to the general ledger was at month-end and that postings were in aggregate, thus making it difficult to perform validation of interest to the customer accounts at random date.

PIDM's Response:

PIDM takes note of the comment that validation of interest or return computation is typically part of the annual statutory audit assignment. It is for this purpose that PIDM sees that there are synergies in requiring the external auditors to perform this work procedure and report the same to PIDM. PIDM further notes that any adverse findings from the statutory audit assignment relating to interest or return computation accuracy is not presently reportable.

With regard to the comment that it may be difficult to reconcile the samples tested against the general ledger at any random date, PIDM is pleased to inform that the work programme has been enhanced to require a validation of the accrued interest or return reflected in the SFF against the relevant balance in the respective subsidiary ledger.



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4.0 GOING FORWARD

4.1 The following guidelines will be issued taking into account the responses set out in this document:

- (a) the revised DISS Guidelines; and
- (b) Guidelines on Validation Programme: Deposit Information System and Submission

4.2 For enquiries and clarification, please contact any of the following:

Pn. Nazmi Yati binti Mohamad	03-2173 7470
En. Mahpa Musa	03-2173 7413
Mr. Shrither Nagalingam	03-2173 7483

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Appendix 1

ANNUAL CERTIFICATION FORM

[DTM'S NAME]

SUBMISSION OF DEPOSIT INFORMATION IN STANDARD FILE FORMAT ("SFF") AS AT 31 DECEMBER 20[XX] TO PERBADANAN INSURANS DEPOSIT MALAYSIA ("PIDM")

The deposit information in SFF has been prepared and submitted to PIDM in accordance with the Guidelines on Deposit Information System and Submission, as amended on 28 February 2013 ("DISS Guidelines").

We declare that effective key compliance and internal control have been maintained over the recording of transactions and that information provided to PIDM in the SFF on [dd/mm/yyyy] for the position as at 31 December 20[XX] is, to the best of our knowledge, true and correct.

In particular, we declare that [DTM's Name]'s deposit liability system(s) complies/comply* with the minimum requirements for deposit liability system as required in the DISS Guidelines.^{Note 1}

(Name of Chief Financial Officer)
Chief Financial Officer
Date: [dd/mm/yyyy]

(Name of Chief Executive Officer)
Chief Executive Officer
Date: [dd/mm/yyyy]

Note 1: If there are exceptions, replace this paragraph with the following:

"In particular, we declare that [DTM's Name]'s deposit liability system(s) complies/comply* with the minimum requirements for deposit liability system as required in the DISS Guidelines, with the exception of the following matters:

1.
2."

* Delete as applicable



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Appendix 2

RECONCILIATION TEMPLATE

**RECONCILIATION OF DEPOSIT BALANCE IN GENERAL LEDGER –VS- SFF
AS AT 31 DECEMBER 20[YY]**

NAME OF DEPOSIT-TAKING MEMBER : _____

SUBMISSION NO. & DATE : _____

(A) <u>DETAILS</u>	(B) <u>RM</u>	(C) <u>RM</u>	Explanation for Column (C)
Total Deposit account balances as per general ledger as at 31 December 20[YY] ^{Note 1}		xxx	(U)
Add : Items in SFF not included as deposit liability in general ledger (if any)			
e.g : Money Market Deposit	xxx (a)		
Unclaimed Monies	xxx (b)		
Gold Saving/ Investment Account	xxx (c)		
.....etc	xxx (d)	xxx	(V) = (a)+(b)+(c)+(d)
Sub-total (W)		xxx	(W)=(U)+(V)
Minus : Items included as deposit liability in general ledger not included in SFF (if any)			
e.g : xxxxxx	(xxx) (e)		
xxxxxx	(xxx) (f)		
.....etc	(xxx) (g)	(xxx)	(X) = (e)+(f)+(g)
Total Outstanding Deposit Balance per SFF ^{Note 2}		xxx	(Y) = (W)-(X)

Note 1: Should correspond with deposit liability amount as per published financial statements.

Note 2: Should correspond with SFF Master File- B19)

Prepared by : _____ (Signature)
Name : _____
Position : _____
Date : _____

Approved by : _____ (Signature)
Name : _____
Position : Chief Financial Officer
Date : _____

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Appendix 3

EXTERNAL AUDITOR VALIDATION PROGRAMME

The work programme consists of two (2) parts:

(a) Work Programme – Information in SFF

Note: The reference date for this Work Programme shall be 31 December.

Accuracy of information in SFF
(A) Validation of the capability of the deposit liability systems in maintaining accurate product codes for each depositor’s account
Objective: To ensure that the deposit product codes for each depositor’s account as at 31 December are in accordance with the product codes issued by PIDM.
<ol style="list-style-type: none"> 1. Agree the product’s name³ for each product in the DTM’s deposit subsidiary ledger product listing reports⁴ with the latest insurability status reports issued by PIDM⁵; 2. Randomly select ten (10) accounts from each product name in the DTM’s deposit subsidiary ledger product listing reports. Using the samples selected, agree that the deposit product’s code (<i>refer to field B7 – Deposit Product Code in “Master File”</i>) in SFF to the deposit product code and name as contained in the latest insurability status report issued by PIDM; and 3. If there are exceptions noted in steps 1 and 2, highlight and obtain comments from the DTM on the differences noted and document herein.

³ Product name refers to description of the product in its most specific form. For example, a DTM may have several variants of savings accounts such as Senior Savings Account, Junior Savings account etc. The product name referred in this example refers to the description “Senior Savings account”, “Junior Savings account”.

⁴ This report at minimum should contain the name of each deposit product, product code and list of depositors’ account.

⁵ External auditors may rely on DTMs internal mapping tables which maps the product codes in the subsidiary ledgers to PIDM’s product codes.

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(B) Validation of the capability of the deposit liability systems in identifying depositor type for each deposit

Objective: To ensure that the depositor type as reported as at 31 December agrees with the DTM’s records.

1. Randomly select fifty (50) accounts for each account type⁶ in SFF(*refer to field B12 – Account type in “Master File”*) and compare if the account type as reported in the SFF is in accordance with the account type stated in the account opening form; and
2. If there are exceptions noted in step 1, please highlight and obtain comments from the DTM on the differences noted and document herein.

(C) Validation of the maintenance of beneficiary information of trust accounts

Objective: To ensure that the beneficiary information of trust accounts is maintained and updated in DTM’s record.

1. Select top twenty (20) accounts by value for each type of trust account – individual and non-individual as categorised in SFF (*refer to field B12 – Account type, B22 – Available Deposit Balance in “Master File”*);
2. Agree the beneficiaries’ details (*refer to fields B3 – Customer Name, B4 – Beneficiary name/code, B5 – Beneficiary ID and B7 - % Beneficiary Interest in the “Beneficiary Table”*) in the SFF with the information submitted by trustee to DTMs;⁷
3. In respect of the top twenty (20) accounts by value for each type of trust account that has been selected in step 1, set out the dates when the trustees last confirmed the beneficiary details;⁸ and
4. If there are exceptions noted in step 2, please highlight and obtain comments from the DTM on the differences noted and document herein.

⁶ Refers to the seven (7) account types per classification in the DISS Guidelines, namely; (i) individual person; (ii) individual joint account; (iii) individual trust; (iv) business sole proprietorship; (v) business partnership; (vi) non-individual person; and (vii) non-individual trust.

⁷ This includes any correspondences or any form of notification by trustee to DTMs. If no information has been provided by the trustees, state that no beneficiary details are available.

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(D) Validation of uncleared items and transactions pending for settlement in the DTM's system

Objective: To ensure the accuracy of uncleared items and transactions pending for settlement in the DTM's system.

1. Using the samples selected under the TID work programme "Compilation of Information from the GL to the RTID"⁹, agree the following fields to the "Master file" of SFF:
 - (a) B1 – Account Number
 - (b) B9 – Customer/Account Name
 - (c) B16 – Registration No
 - (d) B19 – RM Ledger Balance/Outstanding Deposit Balance
 - (e) B22 – RM Available Deposit Balance
 - (f) B24 – RM Bills Payable Outstanding

Note: Amount of uncleared items is arrived at taking field B19 less field B22.

2. Match the total bills payable (*refer to field B24*) in SFF to DTM's remittance system and the general ledger as at 31 December. For float items (*refer to B19 less field B22*), match the total in SFF to DTM's deposit system; and
3. If there are differences in comparison data for steps 1 and 2, please highlight and obtain comments from the DTM on the differences noted and document herein.

⁸ External auditors should note that trustees are to submit beneficiary information to DTMs by 31 March each year.

⁹ Relating to Payment Instruction as provided in the Guidelines on Validation Programme: Differential Payment Systems and Total Insured Deposits.



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(b) Work Programme – Deposit Liability System

Note: For purposes of this work programme, a “random date” means any current or forward date which is not a month-end date.

Reconciliation of the subsidiary ledger(s) and the general ledger balances at any random date(s)
(A) Validation of the subsidiary ledger(s) and the general ledger balances at any random date(s)
Objective: To ensure that the subsidiary ledger(s) and the general ledger balances agree at any random date(s).
<ol style="list-style-type: none">1. Select two (2) random dates and for each date, compare the total composition of the deposit subsidiary ledger(s)¹⁰ with the general ledger as of the selected date(s); and2. If there are differences in comparison data for step 1, please highlight and obtain comments from the DTM on the differences noted and document herein.
(B) Validation of balances in the reconciliation or suspense accounts at any random date(s)
Objective: To ensure that balances in the reconciliation or suspense accounts at any random date(s) agree with the respective source document.

¹⁰ Refers to all items in the subsidiary ledgers relating to the computation of Total Insured Deposits in accordance with the Guidelines on Total Insured Deposits: Calculation and Computation of Returns.

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<p>1. For reconciliation or suspense accounts in the general ledger which are related to a deposit account in the general ledger:</p> <ul style="list-style-type: none"> (a) Set out the name of the account(s) as reflected in the general ledger and the balances as at one of the random date(s) selected in work programme "Validation of the subsidiary ledger(s) and the general ledger balances at any random date(s)"; (b) Randomly select fifty (50) accounts¹¹ and agree the balance of each reconciliation or suspense account with the respective source documents from which it purports to represent and highlight any exceptions noted; (c) If there are exceptions noted in step 1(b), obtain reconciliation(s) from the DTM, test for clerical accuracy of the reconciliation(s), obtain comments from the management on any exceptions noted and document herein; and (d) Where reconciliation or suspense accounts in the general ledger which are related to a deposit account cannot be identified¹², obtain comment from the DTM on the controls adopted in ensuring that the balances in the reconciliation or suspense accounts at the random date agree with the respective source document and document herein.
(C) Validation of age of items in the reconciliation or suspense accounts
Objective: To ensure that reconciling items in the reconciliation or suspense accounts that exist are dated so as to ascertain the age of these items.
<p>1. For each reconciliation or suspense accounts in the general ledger which are related to a deposit account in the general ledger as at 31 December, obtain an ageing analysis report from the DTM, showing total number of transactions and total value for the following age buckets:</p>

¹¹ If reconciliation or suspense accounts in the general ledger which are related to a deposit account in the general ledger is less than fifty (50) accounts, all accounts should be selected.

¹² For example, where the DTM maintains a single reconciliation or suspense account for all items in suspense, irrespective of whether they relate to deposits or otherwise.



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- (a) 0 day to 7 days;
 - (b) 8 days to 30 days;
 - (c) 31 days to 365 days; or
 - (d) Above 365 days,
- and document herein.

2. Randomly select twenty (20) samples from each of the four (4) age buckets¹³, check to available supporting documents if the amount and ageing are correctly stated and highlight differences noted.

¹³ If there are less than twenty (20) items in any age buckets, all items should be selected.



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Computation of interest/return for each account on a daily basis
(D) Validation of the computation of interest or return at any random date(s)
Objective: To ensure that the interest or return calculation systems of the DTM is accurate and capable of computing interest or return at any random date(s).
<ol style="list-style-type: none">1. Obtain from the DTM a list of deposit accounts bearing interest or return categorised by deposit product code issued by PIDM;2. Randomly select two (2) samples across each deposit product code (<i>refer to field B7 – Deposit Product Code in "Master file"</i>);3. Select one (1) of the random date(s) identified in work programme "Validation of the subsidiary ledger(s) and the general ledger balances at any random date(s)" and perform a re-computation of the daily interest or return as of the selected date by applying the appropriate formula which reflects the business rule of computing interest or return for the respective deposit product;¹⁴4. Determine if the respective business rules have been applied and agree the interest or return accrued up to the random date selected (<i>refer to field B26 – RM Accrued Interest/Dividend/Profit & field B27 – FX Accrued Interest/Dividend/Profit in "Master file"</i>); with the relevant balance in the respective subsidiary ledger; and5. If there are exceptions noted in steps 3 and 4, please highlight and obtain comments from the DTM on the differences noted and document herein.

¹⁴ It should be noted that different products (or variants of the same product) may have different business rules for the computation of interest/return and it should not be assumed that one formula/business rule fits all products.



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Appendix 4

EXTERNAL AUDITOR'S INDEPENDENT VALIDATION REPORT

Perbadanan Insurans Deposit Malaysia

[Address]

Date **[dd/mm/yyyy]**

Dear Sirs,

[DTM's Name]

AGREED-UPON PROCEDURES REPORT ON DEPOSIT INFORMATION SYSTEM AND SUBMISSION TO PERBADANAN INSURANS DEPOSIT MALAYSIA ("PIDM")

1. We are the independent auditors with respect to **[DTM's Name]** ("DTM") in accordance with the standards established by the Malaysian Institute of Accountants.
2. We have not audited the financial statements of **[DTM's Name]** as of any date or for any period subsequent to **[last audited balance sheet date]**. The purpose (and thereafter the scope) of our audit for the year ended **[last audited balance sheet date]** was to enable us to express our opinion on the financial statements of **[DTM's Name]** and its subsidiaries (the Group) and the Bank as of **[last audited balance sheet date]**, and for the year then ended, but not on the financial statements for any interim period after that year. Therefore, we are unable to and do not express any opinion on the unaudited financial statements at any date or for period subsequent to **[last audited balance sheet date]**.

Our audits of the financial statements for the year referred above comprised audit tests and procedures deemed necessary for the purpose of expressing an opinion on such financial statements taken as a whole. For none of the periods referred therein, or any other period did we perform audit tests for the purpose of expressing an opinion on individual balances of accounts or summaries of selected transactions such as those enumerated in the accompanying appendices and accordingly, we do not express an opinion thereon.

3. We have performed the procedures as set out in the work programme in Appendix 1 of the Guidelines on Validation Programme: Deposit Information System and Submission ("Guidelines") with respect to the information in standard file format ("SFF") of **[DTM's Name]** as at **[any random date which is not a month-end date]**. Our engagement was conducted in accordance with International Standard on Related Services (ISRS) 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" issued by the Malaysia Institute of



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Accountants, applicable to Agreed-Upon Procedures engagements. The procedures were performed solely to assist you in evaluating the information in the SFF of **[DTM's Name]** as compared to the financial records of **[DTM's Name]** of the same date.

4. Based on the procedures as set out in the work programme,
 - (i) We have no exception to report; or
 - (ii) We report to you by way of exceptions and these are detailed in **Attachment 1**.
5. This report records the Agreed-Upon Procedures work on the above as agreed in our terms of reference dated **[dd/mm/yyyy]**. Our Agreed-Upon Procedures work is limited solely to those procedures set out in the Appendix 1 of the Guidelines.
6. The procedures that we have performed do not constitute either an audit or a review made in accordance with Approved Standards on Auditing or Review Engagements in Malaysia and, consequently we do not express any assurance on the information in the SFF of **[DTM's Name]** for as at **[any random date which is not a month-end date]**.
7. Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with Approved Standards on Auditing or Review Engagements in Malaysia, other matters might have come to our attention that would have been reported to you.
8. It should be understood that we make no representations as to questions of legal interpretation or as to the sufficiency for your purposes of the procedures enumerated in accompanying appendices; also, such procedures would not necessarily reveal any material misstatement of the information identified in the SFF. Further, we have addressed ourselves solely to the foregoing data as set forth in SFF and make no representations as to the adequacy of disclosure or as to whether any material facts have been omitted.
9. Our report is solely for the purpose of **[DTM's Name]**'s submission to PIDM in relation to the information in SFF that are submitted to PIDM and is not to be used for any other purpose or to be relied upon by any other parties. This report relates only to the items specified above and does not extend to any financial statements of **[DTM's Name]**, taken as a whole.

Yours faithfully,

Name of audit firm
(No. AF: XXXX)
Chartered Accountants

cc: The Board of Directors
[DTM's Name]
[Address]



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Attachment 1

Based on the procedures as enumerated in Appendix 1 of the Guidelines on Validation Programme: Differential Payment Systems and Total Insured Deposits, we report our findings as follows:

(1) Exceptions in SFF, without corrections in the submission

(A) Validation of the capability of deposit liability systems in maintaining accurate product codes for each depositor's account

(a)	(b)	(c)	(d)	(e)
Work programme reference number	Product Name per DTMs' Product Listing Report	Names and Deposit Product Code per PIDM Insurability status report	Exceptions noted	Remarks/Comment, if any
1	[Product Name ₁]			
	[Product Name ₂]			
3. Comments from the DTM on the differences noted				

(a)	(b)	(c)	(d)	(e)
Work programme reference number	Product Name per DTMs' Product Listing Report	Names and Deposit Product Code per PIDM Insurability status report	Exceptions noted	Remarks/Comment, if any
2	[Product Name ₁]	[Sample ₁]		
		[Sample ₂]		
			
		[Sample ₁₀]		
	[Product Name ₂]	[Sample ₁]		
		[Sample ₂]		
			



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		[Sample 10]		
		
3. Comments from the DTM on the differences noted				

(B) Validation of the capability of deposit liability system in identifying depositor type for each deposit

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Work programme reference number	Account type	Sample Ref	Account type per SFF	Type of account per account opening form	Exceptions noted	Remarks/ Comment, if any
1	Individual person	[Sample 1]				
		[Sample 2]				
					
		[Sample 50]				
	Individual joint account	[Sample 1]				
		[Sample 2]				
					
		[Sample 50]				
	Individual trust	[Sample 1]				
		[Sample 2]				
					
		[Sample 50]				
	Business sole proprietorship	[Sample 1]				
		[Sample 2]				
					
		[Sample 50]				
	Business partnership	[Sample 1]				
		[Sample 2]				



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	Non individual person	[Sample 1]				
		[Sample 2]				
					
		[Sample 50]				
	Non individual trust	[Sample 1]				
		[Sample 2]				
					
		[Sample 50]				
2. Comments from the DTM on the differences noted						

(C) Validation of the maintenance of beneficiary information of trust accounts

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Work programme reference number	Account Type	No.	Available deposit balance per field B22 in SFF (RM)	Date when trustee last confirmed (DD MM YYYY)	Exceptions noted in SFF against information submitted by trustee to the DTM	Remarks/ Comment, if any
2 & 3	Individual Trust	1				
	Individual Trust	2				
	Individual Trust				
	Individual Trust	20				
	Non-Individual Trust	1				
	Non-Individual Trust	2				
	Non-Individual Trust				



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	Non-Individual Trust	20				
4. Comments from the DTM on the differences noted						

(D) Validation of uncleared items and transactions pending for settlement in the DTM's system

(a) Work programme reference number	(b) Sample reference	(c) Exceptions noted	(d) Remarks/Comments, if any
1			
3. Comments from the DTM on the differences noted			

(a) Work programme reference number	(b) Exceptions noted	(c) Remarks/Comments, if any
2	<u>In relation to Bills payable:</u>	
	<u>In relation to Float items:</u>	
3. Comments from the DTM on the differences noted		



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(2) Exceptions in deposit liability systems:

(A) Validation of the subsidiary ledger(s) and the general ledger balances at any random date(s)

(a) Work programme reference number	(b) Random dates Selected	(c) Amount per subsidiary ledger RM	(d) Amount per General Ledger RM	(e) Exceptions noted	(f) Remarks/ Comments, if any
1	DD MM YYYY ₁				
1	DD MM YYYY ₂				
2. Comments from the DTM on the differences noted					

(B) Validation of balances in the reconciliation or suspense accounts at any random date(s)

(a) Work programme reference number	(b) General ledger code and Name of Account of all reconciliation or suspense account related to a deposit account	(c) General Ledger Balance as at [DD MM YYYY] (RM)
1(a)	[Account 1]	
	[Account 2]	
	

(a) Work programme reference number	(b) General ledger code and Name of Account for samples selected	(c) Amount per General Ledger RM	(d) Description of source documents	(e) Amount per source document RM	(f) Exceptions noted	(g) Remarks/ Comment, if any
1 (b)	[Sample Account 1]					
	[Sample Account 2]					



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....					
[Sample Account 50]					
1(c). Comments from the DTM on the differences noted					

1(d). Comments from the DTM on the controls					

(C) Validation of age of items in the reconciliation or suspense accounts

(a) Work programme reference number	(b) Ageing analysis report Name	(c) Appendix reference*
1	[Account 1]	
	[Account 2]	
	

*Ageing analysis reports provided by the DTM are to be attached

(a) Work programme reference number	(b) Age bucket	(c) Sample Selected	(d) Exceptions noted against supporting documents	(e) Remarks/ Comments, if any
2	0 day - 7 days	[Sample 1]		
		[Sample 2]		
			
		[Sample 20]		
	8 days – 30 days	[Sample 1]		
		[Sample 2]		
			
		[Sample 20]		
	31 days – 365 days	[Sample 1]		
		[Sample 2]		



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		[Sample 20]		
	Above 365 days	[Sample 1]		
		[Sample 2]		
			
		[Sample 20]		

(D) Validation of the computation of interest or return at any random date(s)

(a) Work programme reference number	(b) Name of Interest bearing accounts	(c) Deposit Product Code issued by PIDM
1	[Name 1]	[PIDM Product Code ₁]
	[Name 2]	[PIDM Product Code ₂]

Random Date selected : **[dd/mm/yyyy]**

(a) Work programme reference number	(b) Deposit Product Code issued by PIDM	(c) Sample Ref	(d) Exceptions noted	(e) Remarks/Comments, if any
2, 3, & 4	[PIDM Product Code ₁]	[Sample 1]		
		[Sample 2]		
	[PIDM Product Code ₂]	[Sample 1]		
		[Sample 2]		
		
5. Comments from the DTM on the differences noted				

