



FINANCE MANUAL

Prepared by Ong Han Hooi

15 March 2024

Finance Manual

Table of Contents

- **Introduction**
- **Finance Operations**
 1. Receipts Manual – Broking Account
 - 1.1 Cheque
 - 1.2 TT/Direct Bank-In
 2. Receipts Manual – Operation Account
 3. Payment Manual – Broking Account
 4. Payment Manual – Operation Account
 5. Stale Cheque
 6. Bank Reconciliation
 7. Investment Policy
 8. Petty Cash Policy
 - 8.1 Petty Cash Float
 - 8.2 Petty Cash Procedures for Head Office
 - 8.2.1 Reconciling Petty Cash For Head Office
 - 8.3 Petty Cash Procedures for Branches



Finance Manual

Table of Contents

- **Finance Operations (Cont'd)**
 - 9. CBC Float
 - 10. General Journals
 - 11. Business Introducer Agreement
 - 12. Business introducer Payment
 - 13. Credit Control and Debt Collection Policy
 - 13.1 Introduction
 - 13.2 Objective
 - 13.3 Scope
 - 13.4 Operational Procedures

Finance Manual

Table of Contents

- **Finance Reporting**

14. Month-End Closing

15. Monthly Management Report

16. External Audit Process

17. BNM Broking License Renewal

18. BNM Integrated Statistical System (ISS Reporting)

18.1 Introduction

18.2 Semi Annual Return (Calendar Year)

18.3 Annual Return (Financial Year) – Resubmission

18.4 Variance Report (VR)

18.4.1 Introduction

18.4.2 Variance Report (VR) Submission

19. Taxation

19.1 Company Income Tax Submission

19.2 Submission of Tax Estimate

19.3 Revision of Tax Estimate

20. Appointment of External Auditor

21. Sales & Service Tax (SST) Bi-Monthly Submission

INTRODUCTION

This Finance Manual belongs to the Finance Department of Anika Insurance Brokers Sdn Bhd. It provides the detailed financial policies and procedures within the business which must be followed by all the employees.

The Finance Manual is:

- A key document for internal control and maintaining compliance
- Clarify roles and responsibilities within the finance team
- Clearly established expectations for how finance team carry out their job duties
- Ensuring there is adequate segregation of duties, established authorization requirements and limits
- Create a foundation that allows transactions to be processed consistently and reduce the risk of 'knowledge loss' due to staff turnover

The finance department will keep all financial policies and procedures current and relevant. The Finance Manual will be reviewed from time to time to ensure it is up-to-date.



FINANCE OPERATIONS

1) RECEIPTS MANUAL – BROKING ACCOUNT

1.1 CHEQUE

1. Cheque received will be stamped and recorded in record book by Admin Department. Admin personnel will make a photocopy of the cheque for their record. The original cheque will be passed to Finance department on the same or next working day.
2. Finance staff will check the cheque details (e.g: payee's name, date, etc).
3. If the details are incorrect, Finance staff will return the cheque to Admin Department.
4. If the details are correct, Finance staff will accept the cheque.
5. Finance staff will make a photocopy of the cheque for filing/record purpose.
6. The bank in will be done the next working day from the day Finance received the cheque. Finance staff to fill in the quantity of cheque in record book and pass it to the Despatch for banking-in. Despatch will bring back the summary of cheque deposit record slip and pass it to Finance staff.
7. If Broking staff has allocated the receipt in Clear Mind Broker (CMB) according to insured's instruction, Finance staff will proceed to acknowledge the receipt.
8. If Broking staff has not allocated the receipt in CMB, Finance staff will notify broking on the incoming fund through email, requesting them to update CMB.
9. Broking staff needs to update the incoming fund in CMB on the same or next working day as per Finance's email.
10. A copy of the computerised official receipts will be provided to clients upon request.

1) RECEIPTS MANUAL – BROKING ACCOUNT (CONT'D)

1.2. TT/DIRECT BANK-IN

1. Finance staff will check at HLBB online for any TT/Direct bank-in transaction on daily basis.
2. Client TT/Direct bank-in to Anika's bank account :
 - a) Client will inform our Broking staff. Subsequently, the Broking staff will furnish Finance on the information regarding the TT/Direct bank-in.
 - b) If Client did not inform our Broking staff :
 - i. TT transaction
Finance staff will check with HLBB to get the payee information. Once HLBB has revert by email, Finance staff will inform Broking staff immediately. Broking staff will check and confirm with their client on the payment details.
 - ii. Direct bank-in
 - Finance staff will check debtor aging details for the similar premium outstanding from client.
 - If there is similar outstanding with the direct bank-in amount, Finance will send an email to broking, request for supporting document eg copy of cheque, bank in slip n etc. Broking staff to contact their client for confirmation and requesting for the proof of payment.
 - If there is no similar outstanding with the direct bank-in amount, Finance staff will check with HLBB after 2 months from the date of direct bank-in. Each cheque image requested from the bank incurred additional cost.
3. If the money is credited to our bank, Finance will email to Broking staff requesting them to update Clear Mind Broker (CMB) and attach the supporting document in CMB for verification.
4. Finance staff should ensure payments of takaful contributions by clients are made into the Islamic bank accounts. If clients mistakenly pay their takaful contributions into the Anika's conventional bank accounts, Finance staff shall, within **three** working days from the date of payment received must remit back to takaful contributions Islamic bank accounts.
5. Broking staff needs to update the incoming fund in CMB on the same or next working day as per Finance's email. Finance staff will monitor and send reminder to broking if CMB is not updated.
6. Broking staff to inform Finance to post the transaction once they have updated in CMB.
7. A copy of the computerised official receipts will be provided to clients upon request.

2) RECEIPTS MANUAL – OPERATION ACCOUNT

1. Cheque received will be stamped and sent to Finance Department on the same day or next working day. For cash receipt, issue temporary receipt to payer then go to step 6.
2. Finance staff will check the cheque details (e.g. : payee's name, date, etc).
3. If the details are correct, Finance staff will accept the cheque.
4. If the details are incorrect, Finance staff will return the cheque to or follow up with the payer.
5. Finance staff will make a photocopy of the cheque for filing/record purpose.
6. The bank in will be done the next working day from the day Finance received the cheque/cash. Finance staff to fill in the quantity of cheque/cash in record book and pass it to the Despatch for bank-in. Despatch will bring back the summary of cheque/cash deposit record slip and pass it to Finance staff.
7. Finance staff will key in the details into CMB once the cheque/cash has been credited into Anika's account and generate a receipt number.
8. Finance staff to print out computerised official receipts for filing.

3) PAYMENT MANUAL - BROKING ACCOUNT

1. The payment staff will generate the Payment Listing Analysis Report from ClearMind Broker (CMB).
2. Memorandum of Policy (MOP) number will be allocated in the creditor/debtor account according to the Payment Listing Analysis Report and the receipt number will be tagged to the last MOP number. Payment is generated in the CMB by keying in the date, payee's name and bank account number.
3. The payment staff will go to CMB to mark the respective payments to be made to Insurers and allocate the cheque number according to bank and account number. Date, payee's name and amount will also be recorded on the Cheque Butt.
4. Store the Remittance Report in CMB and check the Payee's name, amount and official receipt number. Print two copies of Remittance Advice for record/filing and client.
5. Issue cheque/TT Remittance
6. A Proline Cash Flow Report will be generated.
7. The payment staff pass the Cash Flow Report, Cheque Listing, Remittance Advice, Invoice, cheque butt and the cheque to the Finance Assistant Manager (FAM) for checking.
8. The same set of documents (in step 7) will be forwarded to the Senior Finance Manager (SFM) for verification. SFM will initial on the cheque listing, remittance advice, cheque butt and cash flow report.
9. Next, the payment staff will pass the Cash Flow Report, Remittance Advice, Invoice and cheque to the authorized signatories.

3) PAYMENT MANUAL - BROKING ACCOUNT (CONT'D)

10. All cheque must be signed by both authorized signatories in Category A or one authorized signatory from Category A and another from Category B.

Category A

Mr Wong Yit Poh

Mr Lau Hok Choon

Dato Noraimi Bt Alias

Category B

a) Stephanie Lim Mooi Chin

11. Payment staff photocopy the cheque for record & filing.

12. Below is the Payment Cycle for Finance Department :

- Normal payment & Transfer of Brokerage – Every Monday & Thursday
- CBC or urgent payment – Daily, upon request

13. Release of payment by Finance Department :

- For CBC or urgent payment, payment will be released to insurer within **7 days** from the day that premium is received
- For Normal payment, payment will be released to insurer within **14 days** from the cheque issuance date.

3) PAYMENT MANUAL - BROKING ACCOUNT (CONT'D)

14. For payment that delivered by hand to insurer, Despatch to send cheque and a copy of Remittance Advice & Invoice to Insurers and obtain acknowledgement in the Outgoing Cheque Record Listing.
15. For payment that Finance directly bank in for insurer, the payment staff will arrange for the Despatch to bank-in the cheque into the insurers' bank account.
16. Once the Despatch return with the bank-in-slip, the payment staff will email the bank-in slip, copy of cheque and remittance advise to insurer.
17. The payment staff to file all the supporting documents accordingly.
18. For single payments above RM500,00.00, a finance personnel together with a broking personnel are required to hand deliver the cheque to the insurer's office. A copy of official receipt or written acknowledge of receiving the cheque, must be obtained immediately.

4) PAYMENT MANUAL - OPERATION ACCOUNT

1. The payment staff will stamp the received supplier invoices and staff reimbursement forms.

1.1 Supplier Invoices

All supplier invoices must be verified and approved by respective HOD prior sending to Finance Dept.

1.2 Utilities, Monthly Contractual Commitments

Payment staff to check and verify on the invoice and other supporting documents.

1.3 Staff Claim Reimbursement Form

All staff reimbursement forms must be checked by payment staff and subsequently verified by FSM. Next, the document will be passed to the CEO for approval.

Staff claims pertaining staff benefits, ie. medical for dependent, road tax and insurance n etc must be verified by the Human Resource Personnel.

Staff claims exceed three (3) months will not be entertained, unless approved by the CEO.

Entertainment claims must specify client and personnel's name which entertain. There is 3% cap on the annual entertainment expenses by broking unit.

2. The payment staff will journalize and post the entries into the Proline Cash Flow System (Proline).
3. Store the Remittance Report in ClearMind Broker (CMB) to enter the payment details, i.e: check the payee's name, amount and date. Print Remittance Advice for filing.
4. The payment staff will go to the Proline to enter the payment details then issue cheque.

4) PAYMENT MANUAL - OPERATIONS ACCOUNT (CONT'D)

5. The payment staff pass the Cash Flow Report, Invoice, Remittance Advice, cheque butt & cheque to FAM for checking.
6. The same set of documents (in step 5) will be forwarded to the SFM for verification. SFM will initial on the cheque listing, remittance advice, cheque butt and cash flow report.
7. Next, the payment staff will pass the Cash Flow Report, Remittance Advice, Invoice and cheque to the authorized signatories.
8. All cheque must be signed by both authorized signatories in Category A or one authorized signatory from Category A and another from Category B.

Category A

Mr Wong Yit Poh

Mr Lau Hok Choon

Dato Noraimi Bt Alias

Category B

Stephanie Lim Mooi Chin

9. After cheque has been signed, the cheque will be copied for record and filing.
10. Send cheque and a copy of Remittance Advice to payee. Acknowledgement is required if payee self-collect the cheque.
11. File the Remittance Advice with photocopy of supporting documents such as copy of cheque, invoices.

5) STALE CHEQUE

1. If a cheque remain unpresented after six (6) months, it become stale cheque.
2. Finance staff to check in the monthly bank reconciliation on stale cheque.
3. Cheque will be cancelled in the system by finance after six (6) months.
4. A replacement cheque will be issued after the original cheque is being cancelled.
5. The replacement cheque will be passed to payee or account handler.
6. Stale cheque will be reissued by finance for 3 times.
7. After 3 times, finance staff to seek approval for adjustment to clear the entries.

6) BANK RECONCILIATION

1. After month end closing, finance staff to download and save the bank statement via HLBB Connect First online portal in the following month. The statement is available in excel and pdf format.
2. Finance staff to go to Proline system to perform the matching of bank transactions between Anika GL and HLBB bank statement.
3. Finance staff to match off the following :
 - i) receipt with all incoming funds
 - ii) payment with all clearing cheques
 - iii) journal entries eg bank charges, repo interest
 - iv) stop payment cheque (if any)
 - v) short term Repo placement
 - vi) other bank transactions not mentioned above
4. Once matching is done, finance staff to save the bank reconciliation file in XLSX file format.
5. Finance staff to print out a copy of the completed bank reconciliation report and pass to Senior Finance Manager for review, by 3rd week of the following month.
6. Finance staff to investigate on all the unreconciled items before the following month's closing. Action should be taken promptly to clear the unreconciled items.
8. Senior Finance Manager will seek clarification with the finance staff on the status of the unreconciled items, before sign off the bank reconciliation report.
9. The bank reconciliation report will be presented to AC committed for review.
10. A copy of bank reconciliation report will be provided to External Auditor during the year end audit.

7) INVESTMENT POLICY

1. Minimum placement of money market with Hong Leong Bank Bhd (“HLBB”) is Ringgit Malaysia Two Hundred Thousand (RM200,000.00) per placement.
2. Placement must be confirmed before 12pm daily from Monday to Friday, by contacting Hong Leong Bank Treasury Department at 03-20808000 or 03-20808080 (for Islamic Banking).
3. Step to determine money market placement is as follow :
 - i. Ensure all cheque issued are updated in the working file (e.g. HLBB KL Broking 0010035833 n etc)
 - ii. Log on to HLBB Connect First to check the bank transaction and remove cheque that been cleared from the working file.
 - iii. Liaise with the payment staff on the total cheque amount to be released to the insurer and the date of release. The amount available for placement will be reflected at the bottom of the working file.
 - iv. Update money market placement amount and tenure in the Repo placement schedule (e.g. Repo Placement 2022.xls)
 - v. Call HLBB Treasury team for placement and confirmation of the interest rate.
 - vi. Update the Repo Placement schedule on the interest rate and officer in charge.
 - vii. Prepare an instruction letter to Hong Leong Bank stating the details of the placement.
 - viii. Signatory of the letter shall be one (1) from Category A and another one (1) from Category B.
 - ix. To fax a copy of the instruction letter to the bank for confirmation of payment to :-
 - a) 03-21647922 for KL Broking and Operation Account
 - b) 04-2263946 for Penang Broking and Operation Account
 - c) 088-223261 for Kota Kinabalu Broking and Operation Account
 - d) 05-2555251 for Ipoh Broking and Operation Account



7) INVESTMENT POLICY (CONT'D)

4. Journal entries for repo interest will be captured by Finance in the following month.
5. Interest earned from money market placement will be transferred to KL Operation bank account on quarterly basis.
6. There are 2 Fixed Deposit placement with HLBB for 12 months which is auto renewed on yearly basis. The Fixed Deposit Interest will roll over with the principal amount.
7. Journal entries for Fixed Deposit interest will be captured by Finance upon renewal.

8) PETTY CASH POLICY

1. Petty cash should be used to pay for small purchases eg food for meetings, miscellaneous expenses n etc.

8.1 PETTY CASH FLOAT

	(MYR)
Head Office	2,500
Penang	1,500
Ipoh	600
Kota Kinabalu	500

8.2 PETTY CASH PROCEDURES FOR HEAD OFFICE

- The petty cash box must be kept in locked safe deposit in the Senior Finance Manager's room.
- Petty cash vouchers must be submitted before any cash is taken from the petty cash float.
- Petty cash will be reimbursed on every Wednesday. If ad hoc request, petty cash can be collected from Finance personnel from 2-3pm on daily basis.
- Only up to RM250.00 can be disbursed at any one time.
- All petty cash vouchers issued must be approved by CEO or COO.
- All completed vouchers must have the following details included:
 - issue date of voucher
 - name of person issued the voucher
 - amount of cash disbursed
 - details of expense

8) PETTY CASH POLICY (CONT'D)

8.2 PETTY CASH PROCEDURES FOR HEAD OFFICE (CONT'D)

- tax invoice or receipt
 - signature of authorized signatories
- The claimant is required to sign the disbursement voucher upon receiving the cash from finance personnel.
- Once the petty cash is utilized, a receipt or invoice must be attached to the voucher and returned to Finance department with balance of the cash (if any)

8.2.1 RECONCILING PETTY CASH FOR HEAD OFFICE

- Petty cash float is to be reconciled on monthly basis. This is the responsibility of Senior Finance Executive.
- When the petty cash balance reduced to Ringgit Malaysia One Thousand (RM1,000) for Head Office, petty cash will be replenished.
- All petty cash expenditure must be entered into Pro-Line once the petty cash has been reconciled.
- The petty cash balance and vouchers must be equal to the petty cash float amount before reimbursement can be made.
- Reimbursement of petty cash will be authorized by the Authorized Signatories.

8) PETTY CASH POLICY (CONT'D)

8.3 PETTY CASH PROCEDURES FOR BRANCHES

1. The petty cash box must be kept in a locked drawer in Branch Manager's room. Whenever require, the authorized staff will retrieve the cash box and process the reimbursement accordingly. At the end day, the cash box must be returned to the Branch Manager' s room.
2. The cash will be reimbursed upon request and original receipt must be attached together with the petty cash voucher. Branch manager's approval is required.
3. Before every month end closing, the authorized staff will get branch manager's approval to replenish the float. The petty cash vouchers will be forwarded to Finance department for processing. The finance personnel will journalize the petty cash expenses to respective general ledger accounts.
4. Once the cheque is ready, it will be couriered to respective branches. Authorized branch personnel will cash out at the bank counter.

9) CBC FLOAT

1. Currently, Anika maintains CBC float with:
 - i. MPI Generali Insurans Bhd RM 7,500
 - ii. Lonpac Insurance Bhd RM 7,500
2. A CBC float cannot be utilized if the premium remains uncollected from the client.
3. CBC float can only be utilized in the event the finance department are unable to get the cheque signatory to sign the cheque within the stipulated dateline, which is within 7 days from the day that premium is received.
4. Only the Senior Finance Manager and the Senior Executive — Payable are authorized to liaise with the insurer to activate the CBC float. This must in written confirmation.
5. Once the premium cheque is ready, the Accounts Payable personnel will put a note on the remittance advice to indicate the particular cheque is for replenishment of the CBC float.
6. To deliver the replenish cheque to the Insurer. Senior Finance Manager or Senior Executive — Payable to follow up via email to ensure that the float being updated accordingly by insurers.

10) GENERAL JOURNALS

1. Finance personnel to identify the details and general ledger code to be posted.
2. Finance personnel to :
 - i. Key-in journal in the Clear Mind Broker (CMB) system.
 - ii. Manually key-in or export the journal in Pro Line system.
3. Finance personnel to print the journal voucher.
4. Finance personnel to send the journal voucher and relevant supporting documents to Senior Finance Manager's for approval.
5. Finance personnel to file the journal voucher accordingly.

11) BUSINESS INTRODUCER AGREEMENT

1. Broking HOD to fill up and sign on the Business Introducer Assessment Form.
2. Introducer is required to provide copy of the Identification Card (IC) for individual or copy of the SSM for Corporate.
3. Introducer to fill up the Business Introducer Declaration Form.
4. Broking HOD to pass all the completed forms and documents to Finance department at least 3 days before HOD meeting.
5. Once it is approved in HOD meeting, Finance will table to BOD meeting for final approval.
6. Once BOD has approved, Finance to prepare and send 2 copies of the Introducer Agreement to Business Introducer.
7. Business Introducer must sign and return 2 copies of the Introducer Agreement to Finance department.
8. The agreement will be sent to CEO for signing, witnessed by the Senior Finance Manager.
9. Finance department to arrange for stamping and send to Commissioner of Oath for signing on the Business Introducer Statutory Declaration form.
10. Finance to send one stamped copy to Business Introducer for their safe keeping and keep a copy for own record.
11. Finance to advise MIS to create the ICP code once the agreement is returned.

12) BUSINESS INTRODUCER PAYMENT

1. Finance payment staff to extract the ICP payable listing from CMB on monthly basis, by 3rd week of the month.
2. ICP fee payment will be processed within 30 days after brokerage is received and matched in CMB system.
3. Finance to identify ICP fee which is due for payment and verify that brokerage has been received.
4. Finance payment staff to process the payment.
5. Refer to Payment – Operations for the payment process.
6. After the cheque is signed, finance arrange to bank in directly to ICP bank account. For ICP that never provide their bank account number, the cheque and remittance advice will send to ICP correspondence address via normal post.
7. Upon request, Finance will pass the ICP cheque to HOD.
8. After the year end closing, Finance to prepare and send the CP58 form to each introducer that payment is made during the year. Besides that, Finance to compile a listing of the introducer fee payment and send to LHDN.

13) CREDIT CONTROL AND DEBT COLLECTION POLICY

13.1 INTRODUCTION

This policy is to describe the procedures that the Company applies to clients' balances that are still outstanding.

13.2 OBJECTIVE

- I. To ensure that all debts are collected effectively and efficiently
- II. To ensure that all debts are monitored
- III. To minimize the risk of bad debts
- IV. To improve company cash flow and working capital

13.3 SCOPE

Applies to all Debtors Balances of the Company.

13.4 OPERATIONAL PROCEDURES :

Corporate Broking and Branches

1. Corporate Broking/Branches issues debit notes within **20 days** from the policy inception date upon confirmation hold cover from the client.
2. Corporate Broking/Branches send out debit notes **immediately** to client for payment.

13) CREDIT CONTROL AND DEBT COLLECTION POLICY (CONT'D)

13.4 OPERATIONAL PROCEDURES : (CONT'D)

Corporate Broking and Branches (Cont'd)

3. Corporate Broking/Branches send out policy to client within **15 days** upon receipt from Insurance Company.
4. Premium Warranty Listing in IBS can be generated on the **45 days** from the policy inception date if the premium is still outstanding.
5. Based on the Premium Warranty Listing, Corporate Broking/branches will follow up with client on premium collection by sending reminder to the client.
6. If premium is not received by the **61 days** from the inception, send letter or e-mail to Insurer informing them that the premium has not been collected.
7. Corporate Broking/Branches will send reminder on cancellation to client when premium is overdue for **76 days**. Client is given 14 days to settle the outstanding.
8. When premium is overdue for **90 days**, Anika will advise insurance company to serve notice of cancellation. Client is given 14 days to settle the outstanding.
9. Corporate Broking/branches will continue to follow up on the outstanding and remind client to pay by the dateline to avoid policy cancellation.
10. If no payment is received after **104 days**, Anika will advise insurance company to proceed with policy cancellation.

13) CREDIT CONTROL AND DEBT COLLECTION POLICY (CONT'D)

13.4 OPERATIONAL PROCEDURES : (CONT'D)

Corporate Broking and Branches (Cont'd)

- 11.** If no action is taken by insurance company, corporate broking/branches will continue to follow up with client on the outstanding by sending reminder or phone call.
- 12.** For medical policies, insurance company may suspense the cashless facility when premium is overdue.
- 13.** For long outstanding that is more than **6 months**, Corporate broking/branches will discuss with Insurance Company on action to be taken.
- 14.** Anika will advise Insurance Company to issue letter of demand to client. For lost client, Insurance Company may proceed to cancel the policy or write off the outstanding.
- 15.** If no action is taken by Insurance Company, Corporate Broking will request a meeting with Insurance Company to discuss on the long outstanding, together with Finance Department.

13) CREDIT CONTROL AND DEBT COLLECTION POLICY (CONT'D)

13.4 OPERATIONAL PROCEDURES : (CONT'D)

Finance Department

1. Credit control meeting will be held on monthly basis, for Finance to meet up with HOD and related corporate broking staff in HQ to discuss on the debtors outstanding. HOD's attendance is compulsory for this meeting.
2. Debtors Aging Listing will be sent out to Corporate Broking at least 2 days before the meeting. HOD need revert and provide explanation/justification for debtor balances more than 60 days and also follow up on the payment.
3. For branches, debtors aging listing will be sent out on monthly basis, for HOD to provide explanation/justification to Finance for debtor's balances more than 60 days and follow up on the payment.
4. Finance will put in specific bad debts provision of 100% to respective broking unit for balances more than 365 days, on quarterly basis.
5. Per Accounting Standard MFRS9 guidelines, yearly assessment will be carried out on all the trade receivable balances on net basis using Expected Credit Losses Model. Past 3 years historical data on debtors aging will be assessed and a general provision of bad debts will be booked in on yearly basis, agreed by the external auditor. For balances more than 365 days, 100% of bad debts will be provided.



FINANCE REPORTING

14) MONTH-END CLOSING

1. Senior Finance Manager (“SFM”) will e-mail to Broking Departments on the closing dateline for IBS system before the month-end closing.
2. SFM will check and ensure that Broking Department has issued all the current month billings. Then, SFM will advise MIS to proceed with the IBS closing and post all the transactions to CMB and Proline System.
3. Branches to provide the following after every month end :
 - a) Closing memo pertaining the billing (the last debit / credit note number), receipts number and direct payment journal number.
 - b) Original invoices for payment related to operations account.
 - c) Petty cash vouchers together with the supporting documents.
4. The Accounts Receivable personnel to ensure all receipts, direct payment and journals are updated in the CMB and ProLine system accordingly.
5. The Accounts Payable personnel to ensure all payments are updated in CMB and ProLine Systems.
6. The Accounts Payable personnel to accrue expenses (if any) in the CMB and ProLine Systems.
7. The Accounts Payable personnel to accrue expenses (if any) in the CMB and ProLine Systems.
8. Once all the monthly transactions are posted, the Reporting personnel will proceed to close the current Accounting Period and open the period for next month.



14) MONTH-END CLOSING (CONT'D)

9. Once all the monthly transactions are posted, the Reporting personnel will proceed to close the current Accounting Period and open the period for next month.
10. The Reporting personnel generates the trial balance from the CMB and ProLine System and ensure the trial balance is tally.
11. The Reporting personnel will generate debtors and creditors aging listing from CMB and ensure that the balances are tally with the Trial Balance. If it is not tally, the Reporting personnel has to investigate on the discrepancies and errors, i.e unposted journals, unposted receipts and payments n etc. The Reporting personnel will report to MIS if the error is not able to rectified. MIS will investigate and check with system Vendor, Datum Clearmind if the problem cannot be resolved.
12. Once the problem is rectified, the Reporting personnel will re-run the Trial Balance.

15) MONTHLY MANAGEMENT REPORT

1. Once CMB and Pro-line is closed, the Reporting personnel will prepare the month Management Report ("MR").
2. The Reporting personnel will update last year's YTD comparison data in the MR spreadsheet.
3. The monthly budget data will be auto updated via pre-set formulas.
4. Allocation of cost, ie. KL-Admin and Company-Admin will be automatically allocated to all business units via pre-set formulas.
5. Finance personnel will update the Debtors Aging Schedule and all the Appendices in MR.
6. Once all the above are updated, the Reporting personnel will run and generate the monthly MR.
7. The Senior Finance ("SFM") will review on the monthly MR for accuracy & completeness. SFM will query the Reporting personnel if there is any discrepancies, inconsistency or abnormalities in the MR. The Reporting personnel will check and revert accordingly.
8. Once the monthly MR is being reviewed and finalized, the MR will be submitted to Board of Directors ("BOD) for review and to be discussed in the Board of Director's meeting. The MR will be use as a guide for BOD decision making.
9. Additional reports to be submitted to BOD are as follow :
 - Production Report Commentary
 - Marine Cargo Report
 - Debtors More than 6 months
 - Entertainment Expenses (Quarterly)
10. The monthly MR will be sent to all the broking HOD to show their respective units' performance.

16) EXTERNAL AUDIT PROCESS

1. External Auditor will send in their quotation and audit fee for the financial year before the audit process is started.
2. Senior Finance Manager will send in the proposal to Board of Directors for their approval.
3. Once the approval is granted, the External Auditor will provide the audit time table and their list of request before come in for the filed audit.
4. The Reporting personnel will request information and documents from respective departments, compile and send it to External Auditor. The latest Management Report will be provided to the External Auditor.
5. A temporary workstation, access card and will be provided to the External Auditor during the field audit.
6. All the employees are reminded to extend a full cooperation to the External Auditor. Finance personnel will refer to the SFM for any auditor queries which they are uncertain.
7. The external auditor will send in list of outstanding schedule from time to time and remind Finance team to provide the supporting document.
8. The external auditor will prepare list of audit adjustment and send to SFM for review and approval.
9. Once SFM agree on the audit adjustment, external auditor will prepare the draft accounts and send to SFM for review. Any changes will be rectified before a final draft account is issued.
10. The reporting personnel to open month 13 database in Pro-Line and journal entries for audit adjustment will be prepared accordingly. Once this is completed, the reporting personnel will re-run the trial balance and change the accounting period back to current month period

16) EXTERNAL AUDIT PROCESS (CONT'D)

11. The reporting personnel to re-extract the Management Report that tie back to Audited figures.
12. The final draft accounts will be submitted to Audit Committee for review.
13. The Partner of the Audit Firm will present the Draft Accounts during the Audit Committee Meeting. Audit Committee will endorse the draft account.
14. Once finalized, external audit will prepare the Audited Financial Account (“AFS”) in hard copies and send it to Finance Department.
15. Finance Department will arrange for Chairman, CEO and SFM to sign the Audited Financial Statement.
16. All signed copies will be returned to the external auditor for their Audit Firm Partner’s signature.
17. Once the AFS is signed, external auditor will send it to Commissioner of Oath. Once completed, external auditor will send the hard copies to Finance department.
18. If there is any Management Letter being issued, SFM to response and discuss with Audit Committed before forward the response to external auditor.
19. The AFS will be provided to Board of Directors & Shareholders via Company Secretary, Tax Agents and Bank Negara Malaysia.

17) BNM BROKING LICENSE RENEWAL

1. Application for renewal of broking license must be submitted to Bank Negara Malaysia (“BNM”), Jabatan Konsumer, at least two (2) months before expiry of the broking license, ie. March 31⁵¹.
2. Senior Finance Manager to prepare the followings and submit to Board of Directors for review and approval :
 - I. Application Form for Renewal of Insurance Broker And/Or Takaful Broker Approval with the following Appendices :
 - Appendix 1 – Shareholding Structure
 - Appendix 2 – Organization Chart
 - Appendix 3 – Particulars of Insurance/Takaful Broking Staff
 - Appendix 4 – Particulars of Branch Offices
 - Appendix 5 – Corporate Structure
 - Appendix 6 – Changes to the Existing Internal Policies & Procedures (If Any)
 - II. A copy of current year professional indemnity policy
 - III. The latest Management Report
 - IV. The Audited Financial Statement
3. Once approval is granted, CEO to sign the application form and the cover letter to BNM.
4. Dispatch to hand deliver the above document to Jabatan Konsumer, BNM.
5. Bank Negara Malaysia's mailing room's personnel must acknowledge receipt on our delivery log book.
6. Senior Finance Manager to follow up with the BNM officer on the approval status. If there are matter arising, it must be attended immediately.

17) BNM BROKING LICENSE RENEWAL (CONT'D)

7. Once BNM has issued the approval letter on the license renewal, Finance Department to remit the license fee of Ringgit Malavsia Two Thousand Two Hundred and Fifty (RM2,250) per annum within seven days from the date of the approval letter is issued . Payment must be made via telegraphic transfer (RENTAS) and a copy of the remittance advice must be sent to BNM officer for verification.
8. The approval of BNM license renewal must be notified to the Board of Directors ("BOD").
9. Senior Finance Manager to obtain a copy of the certified extract of the minutes of the BOD's meeting on their acknowledgement on the license renewal.
10. SFM to forward the certified extract to Jabatan Konsumer, BNM for their record.

18) BNM INTEGRATED STATISTICAL SYSTEM (ISS REPORTING)

18.1 INTRODUCTION

The STATsmart application is developed by Bank Negara Malaysia (BNM) as a centralized channel for Reporting Entities (REs) to perform submission, facilitate communication between the REs and BNM via Helpdesk and BNM Query and access reports and other publications upon approval by BNM. Submission operations and administration including tracking and monitoring are performed in the Integrated Submission Platform (ISP) which is accessible via STATsmart portal (STATsmart Applications tab). The link is as below :

<https://statsmart.bnm.gov.my/statsmart/>

18.2 SEMI ANNUAL RETURN (CALENDAR YEAR)

1. After December closing, Finance Department requested MIS department to print out the following reports from IBS system

- BNM Premium & Brokerage — Conventional and Takaful
- BNM Premium Placement

The reports generated from IBS is as per the format in BNM Integrated Statistical System (ISS) template.

2. Finance Assistant Manager (FAM) will prepare the reports in Excel format for checking and reference.
3. FAM to check the report in Excel against the supporting documents, eg Trial Balance and Income Statement.

18) BNM INTEGRATED STATISTICAL SYSTEM (ISS REPORTING) -(CONT'D)

18.2 SEMI ANNUAL RETURN (CALENDAR YEAR) – (CONT'D)

4. FAM to key in data to BNM ISS and print out the draft copies. The reports generated from ISS are :
 - Statement of Financial Position
 - Income Statement
 - Schedule 1 — Amount due from Clients
 - Schedule 2 — Amount due to/from Insurers/Reinsurers/Takaful Operators/ Retakaful Operators
 - Schedule 3 — Premiums/Contributions due to/from Insurers/Reinsurers/
 - Takaful Operators/Retakaful Operators
 - Statement of Premiums/Contributions Placements
 - Statement of Premiums/Contributions and Brokerage
5. Senior Finance Manager (SFM) to verify the ISS report with working and supporting documents.
6. The ISS report will submit to Audit Committee for review, comment and approval. Any changes will be adjusted immediately and resend to Audit Committee for further approval.
7. Once approval is granted, SFM will approve all the reports submission in ISS. The dateline for online submission is within 14 days from 31st December. BNM will inform if there is any further extension to the dateline due to unforeseen circumstances, eg MCO.
8. SFM to check and ensure the online submission is successful.
9. If there is a problem with the online submission, to contact BNM immediately to fix the problem. Then perform the re-submission.
10. Once submission is successful, FAM to file a copy of the reports into BNM file for records.

18) BNM INTEGRATED STATISTICAL SYSTEM (ISS REPORTING) -(CONT'D)

18.3 ANNUAL RETURN (FINANCIAL YEAR) – RESUBMISSION

1. This is the resubmission of annual return in accordance to audited financial statement.
2. After all the audit adjustment has been booked in by Finance, MIS department to print out the following reports again from IBS (as per ISS Template)
 - BNM Premium & Brokerage — Conventional and Takaful
 - BMN Premium Placement
3. Finance Assistant Manager (FAM) will prepare the reports in Excel format for checking and reference.
4. FAM to check the report in Excel against the supporting documents, eg Trial Balance, Income Statement, Audited Financial Statement n etc.)
5. FAM to key in data to BNM ISS (Integrated Statistical System software) and print out the draft copies. The reports generated from ISS are :
 - Statement of Financial Position
 - Income Statement
 - Schedule 1 — Amount due from Clients
 - Schedule 2 — Amount due to/from Insurers/Reinsurers/Takaful Operators/Retakaful Operators
 - Schedule 3 — Premiums/Contributions due to/from Insurers/Reinsurers/Takaful Operators/Retakaful Operators
 - Statement of Premiums/Contributions Placements
 - Statement of Premiums/Contributions and Brokerage

18) BNM INTEGRATED STATISTICAL SYSTEM (ISS REPORTING) -(CONT'D)

**18.3 ANNUAL RETURN (FINANCIAL YEAR) – RESUBMISSION –
(CONT'D)**

6. SFM to verify the ISS report, to ensure that the data are tallies with working and supporting documents.
7. SFM to check and compare the balances in Balance Sheet and Income Statement for Semi Annual Return & Annual Return. SFM to prepare the reconciliation file and put in explanation on all the movement/differences in Balance Sheet and Income Statement.
8. The ISS report will submit to Audit Committee for review and approval. Any changes will be adjusted immediately and resend to Audit Committee for further approval
9. Once approval is granted, SFM will approve all the reports submission in ISS. The dateline for online submission is 31 March 2021. BNM will inform if there is any further extension to the dateline due to unforeseen circumstances, eg MCO.
10. SFM to check and ensure the online submission is successful.
11. FAM to file a copy of the reports into BNM file for records.

18) BNM INTEGRATED STATISTICAL SYSTEM (ISS REPORTING) -(CONT'D)

18.4 VARIANCE REPORT (VR)

18.4.1 INTRODUCTION

The purpose of VR for Insurance and Takaful Brokers is to prompt/guide the Reporting Entities in assessing or validating the quality/accuracy of data upon submission to BNM. Based on selected key data items which have exceeded +/-30% threshold from previous year, REs are expected to validate the quality/accuracy of the data, including the following:

1. If the data is wrongly reported, CEOs have to ensure that the inaccurate data are rectified prior to the reporting deadline
2. If the data is correct, REs are required to provide the underlying business reasons/development which lead to such significant changes in data. The justifications provided must be self-explanatory, clear and precise to facilitate BNM in understanding the reasons/causes for such amendments;
3. Ensure accurate and complete justification provided by REs as specified under "Validation Check" of "Cover Page" worksheet

18) BNM INTEGRATED STATISTICAL SYSTEM (ISS REPORTING) -(CONT'D)

18.4 VARIANCE REPORT (VR) – (CONT'D)

18.4.2 VARIANCE REPORT (VR) SUBMISSION

1. The Reporting personnel to key in current and previous year data to the following worksheets in VR :
 - Statement of Financial Position
 - Income Statement
 - Statement of Premiums/Contributions and Brokerage
 - Statement of Premiums/Contributions Placements
2. Senior Finance Manager (SFM) to verify on the data accuracy and to put in justification for data items which have exceeded +/-30% threshold from previous year.
3. SFM submit the VR to Audit Committee for review and comments. Any amendments will be rectified immediately and resend to Audit Committee for approval
4. Once approval is granted, the Reporting personnel will upload the file online via BNM StatSmart ISS Dissemination Portal as below :

<https://statsmartrep/bnm.gov.my>
5. The submission dateline is 15th calendar days after the year end reporting, i.e. every 15th January of the subsequent year.
6. The Reporting personnel to file a copy of the VR into BNM file for records.

19) TAXATION

19.1 COMPANY INCOME TAX SUBMISSION

1. Finance Assistant Manager (AFM) to send the Trial Balance and Audited accounts to tax agent.
2. Tax agent will request a list of information for their tax computation & workings
3. AFM to compile all required information within stipulated timeframe and send to tax agent.
4. After review on the information provided, tax agent may send in their queries, seek further clarification or request for additional information.
5. AFM to gather all the required information from all relevant parties and send it back to tax agent within the given timeline.
6. Once finalized, tax agent will prepare a draft copy of the tax computation together with Form eC and other documents for Anika's review.
7. Senior Finance Manager (SFM) to review on the tax computation.
8. If further clarification is required, SFM to send query to tax agent. Otherwise, SFM will send Form eC and other relevant documents to CEO for signature.
9. The signed eC form will be returned to tax agent for them to proceed with online tax submission. The dateline for online submission is 31st July every year. Tax agent will inform if there is any extension to the submission dateline.
10. Once submission is done, tax agent will provide the proof of submission, attached the tax computation file with the tax workings.
11. AFM to file all the tax documents for records.

19) TAXATION (CONT'D)

19.2 SUBMISSION OF TAX ESTIMATE

1. Submission of tax estimate in Malaysia is mandatory under Section 107C of the Malaysian Income Tax Act, 1967. The prescribed form for initial submission is Form CP204 and for revision of the initial submission is Form CP204A.
2. Tax agent will send the form e-CP204 to AFM in early November on tax estimation. AFM will forward the request to SFM.
3. Section 107C(3) of the Act, states that the initial estimated tax cannot be lower than 85% of the revised (if any) estimated tax payable for the preceding Year of Assessment (YA). If no revision was made during preceding YA then the initial estimated tax payable for the following YA cannot be lower than 85% of the original estimated tax payable for the preceding YA.
4. SFM will determine and revert to tax agent on the estimate tax payable for the following year of assessment (YA). It is mandatory for all companies to submit form CP204, notifying IRB, even though the tax payable is zero amount.
5. Tax agent to submit the Form e-CP204 by way of electronic transmission to the Inland Revenue Board (IRB) no later than 30 days before the beginning of the basis period for the YA.
6. Failure to furnish a tax estimate by the due date and in accordance with Section 107C of the Act, is an offence under Section 120(1) of the Act. Upon conviction, the tax payer would be liable to a fine of not less than RM200 and not more than RM20,000 or imprisonment for a term not exceeding 6 months or to both.
7. In the event that the tax payable under an assessment exceeds the estimated/revised estimate tax payable by an amount of more than 30% of the tax payable under the assessment, a 10% penalty will be imposed on the difference in excess of the 30%.

19) TAXATION (CONT'D)

19.2 SUBMISSION OF TAX ESTIMATE (CONT'D)

8. The monthly instalment of the estimated tax is payable by not later than the 15th day of each month.
9. In the event that the tax payable under an assessment exceeds the estimated/revised estimate tax payable by an amount of more than 30% of the tax payable under the assessment, a 10% penalty will be imposed on the difference in excess of the month.

19.3 REVISION OF TAX ESTIMATE

1. The revisions to the estimated tax payable can be made in the **6th or/and 9th** month, as provided for under Section 107C(7) of the Act.
2. Tax agent to send e-CP204A to AFM by early June and September on revision tax estimation. AFM will forward the request to SFM.
3. SFM will determine and revert to tax agent whether there is any revision in the tax estimate for the YA.
4. Tax agent will submit form e-CP204A to IRB if there is any revision in tax estimation. The dateline of submission is by 30 June and 30 September.

20) APPOINTMENT OF EXTERNAL AUDITORS

1. AFM to send the “Application for Approval of Reappointment of Auditor” form to external auditor for their appointment of current financial year.
2. The form needs to be submitted 2 months before the Company Annual General Meeting.
3. External auditor to fill up the form and send it back to AFM.
4. AFM to do the online submission on appointment of External Auditors via BNM Kijang net portal.
5. BNM officer will review the submission and approve via BNM Kijang net.

21) SALES & SERVICE TAX (“SST”) BI-MONTHLY SUBMISSION

1. Finance Assistant Manager (FAM) to print out the following reports from Proline :
 - Sales & Service Tax Listing
 - SST Payables Listing
 - GL ledger— Service Tax Listing
2. FAM to verify the above report and prepare the reclass journal from SST Sales & Service Tax Listing to SST Payable Listing
3. FAM to retrieve the SST data from the " Print/Export" in Proline and view the SST 02 report.
4. FAM to print SST 02 report for checking against the SST Payable Listing.
5. Once checking is done, FAM to key in data to the SST Customs portal.
6. FAM submit the SST 02 report and all the supporting documents to SFM for checking and verification.
7. Once SFM has verified, FAM send the reports to CEO for approval.
8. FAM to submit SST02 online via Custom website before end of the month.
9. FAM to advise payment staff to prepare the cheque as per the SST payable report and send the cheque by AR post to Pusat Pemrosesan Kastam (CPC) before the dateline.
10. The submission of bi-monthly report is due at the end of the following month, which is every Jan, March, May, July, September and November.