



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

NOTICE NO. IFAU/N/2/2018

**NOTICE TO FINANCIAL INSTITUTIONS AND BANKS OFFERING ISLAMIC  
FINANCIAL PRODUCTS AND SERVICES IN BRUNEI DARUSSALAM  
ON INTERNAL SYARIAH AUDIT FRAMEWORK**

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**(1) INTRODUCTION**

- (a) This Notice is issued pursuant to section 54 of the Autoriti Monetari Brunei Darussalam Order, 2010 and shall apply to all Financial Institutions and Banks.
- (b) This Notice sets out the requirement for all Financial Institutions and Banks to establish an Internal Syariah Audit Framework (“ISAF”).
- (c) This Notice should be read together with the Guidelines on ISAF attached in **Appendix A**, as well as other notices, directives or guidelines which the Authority may issue from time to time.
- (d) This Notice shall take effect from **5<sup>th</sup> December 2018** (“effective date”).

## **(2) DEFINITIONS**

- (a) For the purposes of this Notice:
- (i) “Authority” means the Autoriti Monetari Brunei Darussalam (AMBD) established under section 3(1) of the AMBD Order, 2010;
  - (ii) “Bank” has the same meaning given to it in section 2 of the AMBD Order, 2010 which provides Islamic products and services, including but not limited to Islamic banking business, takaful business, Islamic financial business, Islamic development financial business and such other business as the Authority may authorise;
  - (iii) “Financial Institution” has the same meaning given to it in section 2 of the AMBD Order, 2010 which provides Islamic products and services, including but not limited to, takaful business, Islamic financial business, Islamic development financial business or any other business.
  - (iv) “Syariah Financial Supervisory Board” means Syariah Financial Supervisory Board established under section 3 of the Syariah Financial Supervisory Board Order, 2006.

## **(3) INTERNAL SYARIAH AUDIT FRAMEWORK (ISAF)**

- (a) All Financial Institutions and Banks shall establish an ISAF within 6 months from the effective date of this Notice.
- (b) As a guidance on the establishment of an ISAF, all Financial Institutions and Banks are encouraged to adopt the recommendations set out in Guidelines on ISAF attached in **Appendix A** on a “comply or explain” approach.

- (c) Financial Institutions and Banks shall conduct a self-assessment compliance to the recommendations in the Guidelines within 6 months from the effective date of this Notice. Any recommendations that are not met shall be reported to the Authority together with action plan and to be approved by the Board of Directors.

#### **(4) INTERNAL SYARIAH AUDIT REPORT ARRANGEMENTS**

- (a) All Financial Institutions and Banks shall ensure that the Internal Syariah Audit Report is endorsed by the Financial Institution's Audit Committee. A copy of the report shall be submitted to the Board of Directors, Syariah Advisory Body and the Management.
- (b) Every Financial Institutions and Banks shall submit the Internal Syariah Audit Report to the Authority within 14 working days after the Board of Directors meeting or such longer period as may be permitted by the Authority.

**MANAGING DIRECTOR  
AUTORITI MONETARI BRUNEI DARUSSALAM**

Issue Date:       **27 Rabiulawal 1440 /       5<sup>th</sup> December 2018**