



## GUIDELINES TO ISLAMIC BANKS

### GUIDELINES NO. BU/G-4/2018/12

#### GUIDELINES ON INTERNAL AUDIT FUNCTION

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1. These Guidelines on Internal Audit Function (“these Guidelines”) contain the underlying principles that the Autoriti Monetari Brunei Darussalam (“the Authority”) will use in assessing the effectiveness of the internal audit function in Islamic banks.
2. These Guidelines seek to promote a strong internal audit function within Islamic banks and provide guidance for the supervisory assessment of this function.
3. These Guidelines in **ANNEX 1** are issued pursuant to section 127 of the Islamic Banking Order, 2008 and are applicable to all Islamic banks in Brunei Darussalam (hereinafter referred to as “Banks”).
4. It is up to individual Banks to determine how best these Guidelines should be implemented. The way in which the principles are implemented will depend on factors such as the Bank’s size and the nature, complexity and geographical extent of its business, and the legal and regulatory framework within which it operates.
5. The broad principles and standards under these Guidelines are aligned with the June 2012 Basel Committee paper ‘*The Internal Audit Function in Banks*’.
6. These Guidelines shall take immediate effect.
7. The Authority expects the Banks to embrace the spirit of these Guidelines to the fullest extent possible and adhere to these Guidelines on a “comply or explain” basis.

**MANAGING DIRECTOR  
AUTORITI MONETARI BRUNEI DARUSSALAM**

Date: 15 Rabiulakhir 1439 / 2 January 2018