



Annual Internal Audit Plan

PAINT 2023

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1. Presentation

In light of the provisions established in Normative Instruction No. 5, of August 27, 2021, of the Office of the Comptroller General/Federal Secretariat for Internal Control, the purpose of the Annual Internal Audit Plan (PAINT) is to define the priority to be carried out during the period covered by the plan, detailing the allocation of the workforce among the activities carried out by the Unit.

Annual planning is in line with strategic planning, also adopted by this Unit, which establishes a broader vision of action and defines action for a three-year period. This combination makes it possible to achieve different time perspectives for action, visualize the coverage of business processes and optimize the implementation of activities.

Planning takes into account, among other things, the analysis of the internal and external environment, governance and strategy structures, risk and control management and the work of the areas make up the three-line system. The main risks associated with business processes are assessed annually, with the emphasis of action determined by the application of a risk matrix.

The actions carried out by the Internal Audit also comply with the international standards of The Institute of Internal Auditors (The IIA) and other regulations related to the Unit's work.

All these initiatives help the Unit to fulfill its institutional purpose of looking after the values that ensure the company's sustainability.

Brasília (DF), December 07th , 2022.

Clecio Mainardes

Auditor General

2. Overview

2.1. Planning Premises

In order to fulfill its institutional responsibilities, the company's Internal Audit Unit uses a planning model that encompasses two cycles. The strategic cycle, which covers the overall management of the audit activity, and the operational cycle, which concerns the development of each audit assignment. The former takes the form of the strategic plan and the annual plan; the latter, the operational plans. This approach makes it possible to cover both the long and medium term, as well as the short term.

Work planning is based fundamentally on a global and integrated view of the main risks to which the company is exposed. Prioritization of the work takes into account, among other things, information from the internal and external environments, the approved corporate strategy, the Company's governance and strategy architectures, current legislation, the maturity of the processes, as well as the concerns of Senior Management.

The methodological approach to carrying out the work is based on five principles stated in strategic planning: alignment with corporate strategy; governance and management structures; coverage of the organization's main risks; a single, integrated model; and a holistic approach.

Audit planning is based on different sources of information. Surveys, interviews with employees, managers and interactions with senior management are carried out as a way of making the selection and scheduling of activities more precise. In addition to primary sources, planning makes use of conclusions from work carried out by other members of the three-line system, in particular the internal controls and risk management area, external audit and inspection and control bodies. This combination optimizes the allocation of resources, minimizes the replication of efforts and adds value to the conclusions on audited objects.

These premises contribute to planning becoming an instrument that enhances the effectiveness and quality of the audit activity. The plans drawn up facilitate the allocation of professionals and supervision; help to identify and optimize resources and schedules; contribute to directing efforts towards the most relevant risks and evaluation objects; and support decision-making in the event of changes.

2.2. Execution and Follow-Up

The plan includes information on the different types of work planned, the resources needed to carry them out and training for professionals. Senior management is periodically informed about the execution of the plan, the progress of the actions defined in the recommendations contained in the audit reports and the results resulting from the implementation of the actions. Thus, reports are submitted monthly to the Audit Committee (COAUD) and the Supervisory Board (COFIS) and quarterly to the Board of Directors (CONAD).

Extraordinary demands that arise during the execution of this plan can be met and incorporated into the original plan. To this end, significant changes in the organizational context or subsequent information that makes adjustments useful and timely must be taken into account. In any case, any changes to the work originally planned must be approved internally by the Audit Office and communicated in a timely manner to COAUD and CONAD through the periodic reports made to these collegiate bodies.

The execution of this plan and the results achieved are recorded in the Annual Internal Audit Activities Report (RAINT). This document, once it has been approved by CONAD and the COAUD, is sent to the CGU by the last working day of March of the following financial year to which it refers.

The audit work falls under the Quality Management and Improvement Program (PGMQ). The results of the evaluations carried out are consolidated annually in order to provide management information and identify training needs and opportunities to improve the activity. Reports containing this information are presented to COAUD and make up the Unit's RAIN.

It is important to note that the activities to assess the relevant risks associated business processes planned for 2023 fall within the third year of the three-year audit cycle 2021-2023.

Planning involves projecting the future, with actions defined on the basis of the analyzed environment and possible scenarios. The implementation process can be faced with changes in these scenarios, restrictions and risks, which must be monitored and resolved in a timely manner in accordance with established procedures. This situation can involve changes in the internal and external environment, the involvement of people and the use of resources.

Limitations in the qualifications of the management and technical audit staff can also reduce the quality of the work. Continuous training actions, with identification of individual shortcomings, indication of training solutions and management follow-up, aim to minimize this weakness. In addition, it is a premise of each assignment that staff be properly allocated, taking into account technical training, experience, level of specialization and instrumental and behavioral skills.

3. Audit Services

Auditing services can be divided into four types of work:

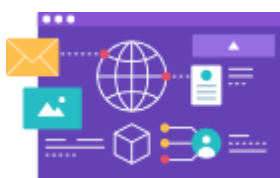
- **Evaluation (Business Process Audits - APE and**

- Mandatory Audits - ACO);**
- Investigation (Special Audits - AES);**
- Consulting; and**
- Analytics (Audits with Data Analytics - ADA).**

In light of the provisions established in Normative Instruction No. 5, of August 27, 2021, of the Comptroller General of the Union/Federal Secretariat for Internal Control, the forecast for the allocation of the workforce for this work was recorded in the audit services.

3.1. Work

The evaluation works are divided into two main categories:



Business Process
Audits – APE



Mandatory Audits
ACO

Business Process Audits (BPA) consist of obtaining and analyzing information in order to provide conclusions on the management of the main business risks. The methodological approach is based on assessing the governance system and the management of risks and controls associated with business processes that are essential for achieving organizational results.

The prioritization of this work is based on the Internal Audit's own risk analysis. This analysis considers, among other things, the chances of this risk occurring (probability), the consequences that will be generated if the risk occurs (impact), as well as other guidelines established in strategic planning.

Mandatory Audits (ACO), on the other hand, consist of obtaining and analyzing information in order to provide independent conclusions on a given audit object. This work is carried out in compliance with legal provisions or contracts and agreements signed with external entities. The results of this work can also be used to support audit conclusions about the maturity of the corporate processes to which they relate.

[confidential information]

3.2. Investigative work

The purpose of investigative work (Special Audits) is to investigate acts and facts associated with behavioral deviations, service failures or illicit practices by company employees. This type of work makes it possible to identify the potential causes or enablers of fraud and errors and contributes, along with other types of work, to improving the quality of the company's processes. That said, [confidential information] has been planned for this activity for 2023.

3.3. Consulting Work

The strategic position that the internal audit function has in the organization allows it to take a systemic look at governance and risk and control management, helping to achieve strategic objectives. Most of the consultancy work has been carried out through the participation of audit managers in meetings of the Executive Board and collegiate bodies advising senior management. In view of this, **[confidential information]** of the managers' total hours have been earmarked for this activity in the next financial year.

3.4. Analytic Jobs

Analytics work (Audits with Data Analytics - ADA) aims to carry continuous auditing work, robotic process automation (RPA) and the provision of electronic databases.

This approach, based on analytical intelligence (analytics), aims to enable the continuous evaluation of processes and internal controls with a focus on cross-referencing electronic data on critical company transactions on a recurring basis and on a large scale, automating digital tasks using software and increasing the analytical vision in the work planned. To this end, **[confidential information]** has been planned for the next financial year.

3.5. Summary Table of Audit Services

In fact, **[confidential information]** has been provided for the execution of the four types of work related to the audit services carried out by the Unit, as shown in the summary table below:

[confidential information]

4. Auditor Training

Training activities for Internal Audit staff are segmented into three areas of knowledge: auditing and risk management; company, processes and business; and management, work and career. The participation of employees in internal and external events is based on the identification of individual and Unit needs and the most optimized allocation of resources.

In this sense, and in light of the guidance established in the second paragraph, art. 4 of CGU Normative Instruction No.5 of August 2021, which provides for a minimum allocation of 40 hours per year for each member of the Internal Audit, training [confidential information] has been planned for the next financial year.

5. Quality Management and Improvement

The activities related to the Quality Management and Improvement Program (PGMQ) are intended to promote the evaluation and continuous improvement of the BBTS Internal Audit's work processes, the effectiveness and efficiency of its activities and the products issued.

The program adopted at BBTS includes an analysis of the structure and organization of the audit activity. In this sense, the checks involve methodology, policies, procedures and resource management practices. Likewise, the aim is to verify whether the internal audit is achieving its objectives, as well as contributing to the achievement of the objectives of the organization as a whole.

The evaluations that make up the program apply both at the level of individual audit work and at the broader level of the activity and include all phases of the internal audit activity - planning, execution, communication of results and monitoring.

The program includes internal and external evaluations, which must be duly documented. The results of the evaluations carried out are consolidated in order to provide management information and to identify training needs and opportunities for improving the internal audit activity, which are recorded in an action plan.

That said, [confidential information] has been planned for this activity for the next financial year.

6. Internal Audit

In addition to typical auditing activities, the Internal Audit Unit performs other internal administrative functions, such as: planning, coordinating work and carrying out activities to manage people and material and logistical resources to carry out its work. In view of this, [confidential information] has been forecast for the next financial year, already deducting the consultancy hours considered in item 3.3.

7. Monitoring Recommendations

Audit activities include monitoring the recommendations issued, which involves

following up on the actions taken by the organizational areas to improve the system of governance, risk management and controls. When implemented, the Audit verifies, as a prerequisite for downgrading, the sufficiency of the actions taken, the resolution of the weakness identified and the minimization of the associated risks. In this sense, **[confidential information]** has been provided for monitoring these recommendations in the next financial year.

8. Gathering Information for Control Bodies

It represents the relationship activity with the Supervisory and Control Entities, with *Banco do Brasil* (Controller) and with the External Audit. The aim is to provide assistance in supplying information requested by these entities. Accordingly, **[confidential information]** has been provided for this activity.

9. Technical Reserve (Extraordinary Demands)

In order to allow new work to be carried out as a result of demands that arise after the planning has been completed, whether on the Audit's own initiative, at the request of external entities (Supervisory and Control Entities; *Banco do Brasil*; and the External Audit) or at the request of higher collegiate bodies, provision has been made for **[confidential information]** to meet these extraordinary demands.

10. Summary Table of Workforce Allocation

In order to implement the plan, Internal Audit has **[confidential information]**

In effect, we have the following summary table of the allocation of the workforce:

[confidential information]