

# Annual Internal Audit Report

## RAINT 2021

# Note

The Internal Audit of BB Tecnologia e Serviços, in compliance with art. 13 of Normative Instruction no. 5, of 08/27/2021, issued by the Comptroller General of the Union (CGU), made this Annual Internal Audit Report (RAINT) available on 03/03/2022, after appreciation by the Audit Committee (Coaud) and the Board of Directors (Conad), to the respective technical supervision unit of the CGU through the e-Aud system.

Information classified as confidential has been replaced by the expression **[confidential information]**, in accordance with art. 14 of the aforementioned Normative Instruction.

This Annual Internal Audit Report (RAINT), prepared by the Internal Audit Unit of BB Tecnologia e Serviços (BBTS), provides information on the activities carried out in 2021 and the results of the work carried out.

This practice meets the requirements of Normative Instruction No. 5, of August 27th, 2021, issued by the Office of the Comptroller General (CGU).

The document includes information on the audits carried out, the training actions carried out, the recommendations issued and implemented, the relevant facts that impacted the Internal Audit, the main benefits of the Unit's work and the results of the quality program evaluations.

In a non-exhaustive way, it can be said that the benefits of the audit's work materialize mainly through: i) advising strategic collegiate bodies; ii) strengthening the Internal Control System; iii) improvements resulting from the implementation of audit recommendations; and iv) evolution of the maturity level of organizational processes.

Brasília (DF), February 16th, 2022.

Clecio Mainardes  
Auditor General

**Overview**

**Workforce Allocation**

**Training Actions**

**Audit activities**

**Monitoring Recommendations**

**Key Facts**

**Benefits of Internal Audit**

**Quality Program**

As established in Normative Instruction No. 5, of 08/27/2021, issued by the Comptroller General of the Union (CGU), this Annual Internal Audit Report (RAINT) includes the following content:

- table showing the effective allocation of the workforce during the PAINT period;
- position on the execution of the audit services provided for in the PAINT, listing those completed, not completed, not carried out and carried out without provision in the PAINT;
- description of the relevant facts that impacted the execution of the audit services;
- table showing the financial and non-financial benefits obtained as a result of the Unit's activities during the year, in accordance with the provisions of CGU Normative Instruction No. 10 of 04/28/2020;
- report on the results of the Quality Management and Improvement Program (PGMQ).

In addition to the contents required by the aforementioned regulation, this document also reports on the training actions undertaken with the aim of developing audit professionals, as well as giving an overview of the audit recommendations issued.

The fulfillment of the Internal Audit's institutional responsibilities has been possible due to its appropriate organizational structure, the availability of resources compatible with its needs and the constant training of its staff. With this in mind, the information in this document presents the overall picture and the results of the activities carried out in 2021.

The Internal Audit planning for 2021 considered the allocation of **[confidential information]** professionals, totaling **[confidential information]** hours. The allocation of the workforce, however, had **[confidential information]** (2.7% less than the total originally planned), due to the vacancy in the position of Auditor General in the first five months of that year, which was filled on an interim basis by the Unit's Division Manager.

## PAINT 2021 - Comparison between planned and



**[confidential information]**

The differences between the hours planned and carried out in the internal management and quality management and improvement activities were due to a reclassification in the accounting of these hours. Originally, the recording of hours spent monitoring the quality of audit services was planned to take place in the quality program activity, and was later changed to the internal management activity.

Training activities for Internal Audit staff are segmented into three areas of knowledge: auditing and risk management; company, processes and business; 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.

The selection of training events is in line with the multidisciplinary nature of auditing activities. All the Unit's employees met the target of at least 40 hours of training in the year, with the average number of training sessions in 2021 being **[confidential information]** per auditor.

Courses can be provided institutionally (via the UniBBTS Corporate University) or contracted on the market.

## Audit activities

Evaluation and consultancy are the two typical aspects of the internal audit activity. Both complement each other to achieve the goal of adding value to the company. Although it does not qualify as a typical internal audit function, the activity of investigating irregularities plays an important role in this context, along with these others, by providing effective responses to irregular occurrences verified within the scope of the disciplinary control process, identifying causes, making recommendations to curb new occurrences and thus contributing to improving processes.

### Evaluation

Assessment work consists of obtaining and analyzing information in order to provide conclusions on a given audit object. The methodological approach used by BBTS Audit for this type of work is based on evaluating the system of governance, risk management and controls associated with business processes, which are considered essential for achieving organizational results.

This system involves assessing all the company's processes over a three-year . The processes and sub-processes, based on the application of a risk matrix, are classified into three groups according to their criticality: high (A), medium (B) and low (C). This classification results in the emphasis of the assessment, which can be annual, biannual and triannual respectively.

The evaluation activities carried out in 2021 are part of the first year of the three-year audit cycle 2021-2023. In the financial year just ended, the Internal Audit carried out the **[confidential information]** audits provided for in the Annual Internal Audit Plan (PAINT). This set of accomplishments included **[confidential information]**

## **[confidential information]**

Audit evaluations also include demands of a specific nature, arising from a normative obligation or from the initiative of higher collegiate bodies subsequent to the approval of the PAINT for the year.

In 2021, the **[confidential information]** remaining from the 2020 financial year was completed:

## **[confidential information]**

In addition to this work, in 2021 **[confidential information]** of this nature was started, **[confidential information]** has been completed and **[confidential information]** remains in progress.

## **[confidential information]**



The consultancy work consists of analyzing documents and providing objective, independent advice to senior management, with the aim of supporting business operations and strengthening the company's governance, risk management and internal controls.

The Internal Audit carried out this type of work by participating in meetings of the Executive Board (DIREX) and the advisory committees to this board, such as the Risk Committee (CORIS) and the IT, Cyber and Asset Security Committee (COSEG). He also took part in meetings of the disciplinary committees, the Audit Committee (COAUD), the Board of Directors (CONAD) and the Fiscal Council (COFIS).



## Counting



The investigation of irregularities consists of carrying out procedures with the aim of investigating acts and facts associated with behavioral deviations, service failures or illicit practices by company employees. The investigation carried out by the Internal Audit is part of the company's disciplinary process, which also includes the actions of other agents.

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, services and systems.

At the end of 2021, of the **[confidential information]** work that remained unfinished at the end of the previous year, we have the following situation:

**[confidential information]**

Also in 2021, **[confidential information]** work was started to investigate irregularities. Among these, **[confidential information]** was completed and **[confidential information]** was in progress at the end of the period.

**[confidential information]**

## Monitoring Recommendations

Audit activities include the monitoring of recommendations, which concerns the follow-up of actions taken by organizational areas to improve the system of governance, risk management and controls. When implemented, the Audit verifies, as a prerequisite for dismissal, the sufficiency of the actions taken, the resolution of the weakness identified and the minimization of the associated risks.

The Audit also monitors compliance with determinations made by the external control bodies, the external audit and the *Banco do Brasil* Audit. When required, it also follows up on recommendations from the Board of Directors (CONAD) and the Audit Board (COFIS).

The number of audit recommendations issued and certified and the stock at the end of 2021 are shown in the graph below. It is important to note that an average of **[confidential information]** hours was used to analyze each action implemented and that there were no recommendations finalized due to risk-taking by management.

**[confidential information]**

## Covid-19 pandemic



In order to ensure the timeliness and quality of its assessments, Internal Audit has implemented additional actions to minimize the impacts of the Covid-19 pandemic on its activities, such as:

- maintaining priority for remote work;
- adoption of guidelines and procedures to protect the health of employees, in the case of face-to-face work;
- use of *notebooks* to carry out auditing work remotely, with new equipment with greater technological capacity being made available in 09/2021.

## Appointment of the new head of Internal Audit



As a result of the vacancy in the position of Auditor General in the first five months of 2021, the position was filled on an interim basis by the Unit's Division Manager. After approval by the BBTS Board of Directors, the new head of Internal Audit was appointed and took office on June 1, 2021.

## Data Science training for auditors



With the aim of implementing a cell specializing in advanced information analysis in the Unit, three Data Science training courses were offered at the Data Science Academy (DSA) professional training center.

## Changes in the communication of results



In order to simplify the audit process, rationalize the documents produced, enable greater involvement with the audited areas and promote greater clarity and conciseness in reporting to *stakeholders*, Internal Audit made changes to the documents associated with communicating results (Report, Audit Record (AR) and Technical Information (TI)).

In addition, in order to promote agile and timely *insights* and align with best market practices, agile premises were adopted in the audit process, with a more interactive model with the audited areas and prioritization of partial deliveries.

## Evaluation of Banco do Brasil



An assessment carried out by *Banco do Brasil*, when supervising the governance and risk management, internal controls and institutional security of its Related Entities (ELBB), found that the Audit Unit has a 100% adherence rate in relation to the established requirements. The main positive aspects were:

- formalization of policies, standards and operational work procedures;
- definition of the work plan with evaluation periodicity and scope of work and reporting to the governance area on the results of the work.

## Structuring the Working Agreement (ATB)



Based on the Strategic Planning and the Annual Internal Audit Plan (PAINT), the Internal Audit approved the Work Agreement (ATB) for the 2022 financial year with the Board of Directors, with the prior assessment of the Audit Committee. In summary, indicators and targets were structured with the aim of inducing, evaluating and communicating the performance achieved by the unit in relation to an expected result.

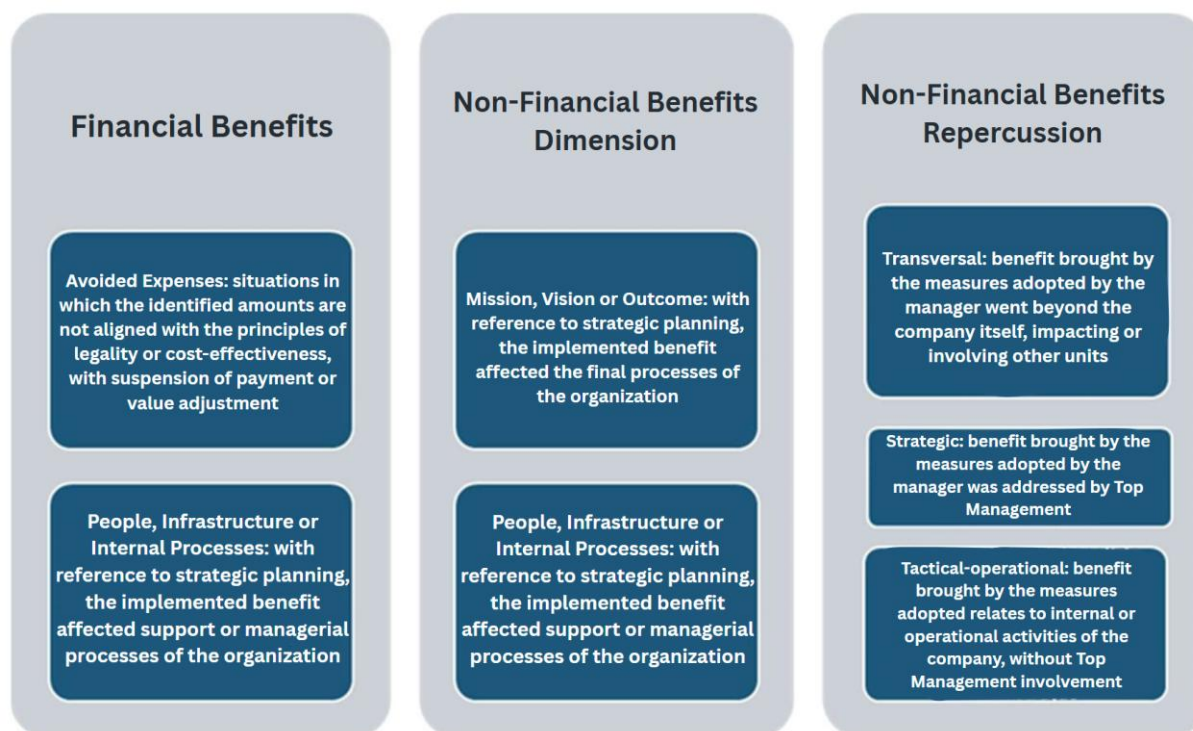
## Benefits of Internal Audit

According to the concepts established by Normative Instruction No. 10, of April 28, 2020, issued by the Office of the Comptroller General (CGU), the benefits resulting from internal auditing activities can be financial or non-financial:

- Financial benefit: benefit represented in monetary terms and demonstrated by supporting documents, preferably provided by the manager, including those resulting from the recovery of losses.
- Non-financial benefit: a benefit that, although it cannot be represented in monetary terms, demonstrates a positive impact on management in a structural way, such as management improvement, improvement in internal controls and improvement of regulations and processes, and should whenever possible be quantified in a unit other monetary terms.

These benefits are classified into the classes listed below.

# Benefits of Internal Audit



The main actions implemented in 2021 by the different areas of the Company that produced financial and non-financial benefits are listed below: **[confidential information]**

## Quality Program

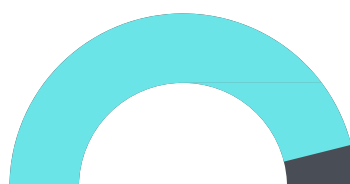
The quality program seeks to cover essential aspects of the auditing activities carried out at the company and the impacts of its work. To this end, the approach includes evaluations applied systematically and from different sources: evaluation of the auditors; evaluation of the managers of the audited processes; evaluation of the audit managers; and evaluation by members of Senior Management.

The evaluation carried out by the **auditors** indicates alignment with performance standards, ethical conduct and professional attitude. In addition, the procedures for planning, executing and communicating results largely meet the defined benchmarks and contribute to achieving the objectives:

### Auditors' assessment

Segment	Average concept
Work planning	3,43
Carrying out the work	3,80
Communicating results	3,83
<b>Average score</b>	<b>3,69</b>

1	2	3	4
Não atende	Atende em menor parte	Atende em maior parte	Atende totalmente



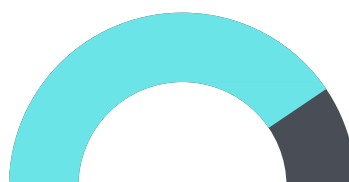
The average grade obtained represents 92.2% of the maximum concept

The evaluation carried out with the **managers of the audited areas** shows adherence to the procedures for opening, developing and closing the work. The average obtained, close to very much agree, indicates satisfactory results in relation to the audit process:

Evaluation of the managers of the audited processes

Segment	Average concept
Opening the job	4,92
Work development	4,88
Closing the job	4,79
<b>Average score</b>	<b>4,86</b>

1	2	3	4	5	6
Discordo totalmente	Discordo muito	Discordo pouco	Concordo pouco	Concordo muito	Concordo totalmente



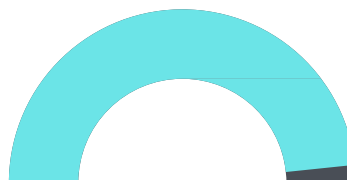
The average grade obtained represents 81.1% of the maximum concept

The assessment made by the **audit managers** shows that the guidelines for action are recorded in the internal regulations, with practices in line with the principles of independence and objectivity. The score obtained also shows that the structuring and operationalization of the audit activity, the actions of the people and the use of resources seek efficiency and effectiveness.

Evaluation of audit managers

Segment	Average concept
Bylaws	4,00
Independence and objectivity	4,00
Lines of defense	3,50
Processes	4,00
People	3,44
Resources	4,00
Communication and approval	4,00
Disclosure of results	4,00
<b>Average score</b>	<b>3,86</b>

1	2	3	4
Não atende	Atende em menor parte	Atende em maior parte	Atende totalmente



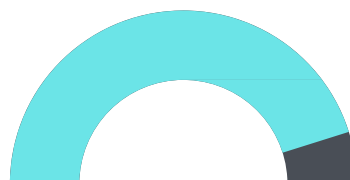
The average grade obtained represents 96.7% of the maximum concept

The survey of the company's **senior management** indicates a positive assessment of the Unit's work, especially in terms of the confidence of directors and senior executives in the work carried out by the Internal Audit and the contribution made to improving processes and mitigating risks.

## Evaluation of Senior Management

Segment	Average concept
Reputation of Internal Audit	5,56
Impact on organizational results	5,33
Impact on governance, risks and controls	5,36
<b>Average score</b>	<b>5,41</b>

1	2	3	4	5	6
Discordo totalmente	Discordo muito	Discordo pouco	Concordo pouco	Concordo muito	Concordo totalmente



The average grade obtained represents 90.3% of the maximum concept

Based on the average scores of the evaluations from the different sources, the level of maturity of the activities carried out by the Internal Audit at BBTS is considered to be managed - final score of 4.50 - considering a scale ranging from level 1 (initial) to level 5 (optimized).

At this level, the activities have an effective control environment, with frequent and documented evaluation and continuous monitoring to resolve any weaknesses detected.



Despite the good level of maturity of the activities carried out, it is important to note that the Internal Audit has established an action plan with the aim of implementing the points for improvement identified in the interviewees' statements.