



## Summary of the internal Audit Activity

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### **Introduction**

To establish corporate governance in Tejarat Bank in accordance with the directives of Central Bank of the Islamic Republic of Iran and in the internal controls guideline for accepted publishers in Tehran stock exchange and Iran OTC market, the bank's internal audit activity charter was approved by the Board of Directors in December 2014 and will be binding since the date of approval.

### **The purpose, organizational position and scope**

Internal auditing is an independent objective assurance and consulting activity designed to add value and improve operations. Internal audit systematic approach will help to achieve the objectives of the bank to evaluate and improve the effectiveness of governance processes, risk management and internal controls. In order to preserve the independence and objectivity, internal auditors will have the proper organizational position and the ability to work according to professional standards.

In order to maintain and improve professional independence, executive powers of the internal audit unit delegate directly by the Board of Directors, Audit Committee or the Director of the Bank. The Board gives full, free, and unrestricted authority to the internal audit unit in order to carry out professional duties and responsibilities in terms of access to documents, staff, processes and activities of the bank. Any prevented from carrying out of this authority is a violation if it's unjustified.

The Board knows all of employees responsible and responsive for timely provision of documents and the correct information to internal audit. Internal auditors must also treat completely confidential by information and documents according to their position to have access, and they must observe requirements secrecy, rules, regulations and laws in their mission place. The scope of internal audit covers all of activities, the risks of banking and outsourcing activities.

### **Mission**

The main mission planned for internal audit is evaluation of the internal control system of the bank in terms of design, proper usage and its effectiveness in various areas, as follows:

- Evaluating internal controls;
- Operational audit;
- Audit management;

## **Reporting**

- Points contained in the draft of internal audit report share with the relevant manager or managers and a copy of it gives to the CEO.
- Sending the final report of the internal audit to concerned units will be subject to review by the Audit Committee.
- A summary of the audit mission and follow-up corrective actions give to the committee and the committee will be sent them to the CEO and board of directors.

## **Responsibilities**

- Codifying flexible annual internal audit plan and offering it to the Audit Committee for review and approval;
- Carrying out approved annual plan, including any tasks or requested projects by the Board, CEO and Audit Committee;
- Giving reports of the planned investigations to the Board, CEO and Audit Committee;
- Collaborating and communicating with independent auditors in order to optimize the bank's audit.