

INTERNAL AUDIT CHARTER

In response to maintain and secure business activities according to the vision and mission of PT. Bank Pembangunan Daerah Jawa Timur, also to provide the foundation and guidelines for SKAI, therefore it is necessary to set Internal Audit Charter. Internal Audit Charter of PT Bank Pembangunan Daerah Jawa Timur authored based on Bank Indonesia rule Number: 1/6/PBI/1999 on 20 September 1999 about assignment of the Obedience Director and Standard procedure of intern bank audit function.

I. VISION AND MISSION

With the functioning of the bank's internal audit can encourage the creation of conditions that each holder of the bank's functions in organizations perform their functions as it should, so no disfunctional behavior in their respective management functions.

Fulfillment of the interests of bank depositors and the community is part of the bank's internal audit mission. It should be noted because as a business entity, within the bank there and meet a wide range of customers. Although there are differences of interest among the parties concerned, but in essence these interests have a purpose, namely the achievement of a sound bank and is able to develop naturally. In this regard, the bank's internal audit function should be put above the interests of the bank to ensure a healthy, growing naturally and can support the national economy, particularly the Government of East Java. So that the mission can be accomplished by either general control mechanism is required bank. Furthermore, the arrangement needs to be done and the affirmation of the role of the board of commissioners, director of compliance, and the Internal Audit Unit in conjunction with the bank's internal audit function.

II. FUNCTION

1. Internal Control System

Evaluate and take an active role in improving the effectiveness of SPI on an ongoing basis with regard to the implementation of the operations of the Bank in achieving the target set by management with :

- a. Make analysis and research in the fields of finance, accounting, operations and other activities through on-site inspection and monitoring off-side, including carrying out checks and tasks for a particular purpose.

- b. Provide suggestions for improvements and information on the activities that were reviewed to all levels of management.
 - c. Identify all possibilities to improve and increase the efficient use of resources and funds.
 - 2. Application of Risk Management
SKAI help identify and evaluate risks and take an active role through the recommendations and solutions to improve the quality of Risk Management
 - 3. Good Corporate Governance
SKAI help provide assurance regarding the application of governance to make an assessment and provide recommendations and solutions to improve the governance process.
- III. POSITION AND SCOPE
- 1. Position of SKAI in organization
 - a. SKAI must have the support of management and the board of directors so that the auditor can obtain the cooperation of auditees and conducting work unhindered.
 - b. SKAI led by the head of SKAI held by the Leader of Oversight Division is appointed and dismissed by the Managing Director of the Bank with the approval of the Board of Commissioners and reported to Bank Indonesia.
 - c. Head of SKAI within the organization directly under and responsible to the Managing Director of the Bank. To support and ensure the smooth audit independence and authority in monitoring the follow-up, then SKAI communicate with commissioners.
 - 2. Scope
The scope of internal audit work covers all aspects and elements of the Bank's activities that directly or indirectly can influence the level of implementation by both the interests of the banks and the public.
In this connection, the scope of internal audit work includes audit and assessment :
 - The adequacy and effectiveness of the internal control structure, including control of Information Systems Technology and quality practices, along with risk control.

- Covers all aspects and elements of the organization of the bank so as to support the analysis of the optimal in helping the process of decision-making by management.

IV. DUTY, AUTHORITY, AND RESPONSIBILITY

1. Duty and Responsibility of SKAI :

- a. Assisting the President Director and the Board of Commissioners in conducting surveillance in a way describe in operational planning, implementation and monitoring of the audit results.
- b. To create analysis and assessment in the areas of finance, accounting, operations and other activities through direct examination and supervision indirectly.
- c. To identify all possibilities to improve and enhance the efficiency, effectiveness of the use of resources and funds.
- d. To provide objective suggestions for improvements and information on the activities examined at all levels of management.
- e. To coordinate everything in connection with the activities of the external audit

2. Authority of SKAI :

Authority, position and responsibility of the SKAI within the organization has been described to carry out their duties in accordance with professional Audit standard measures of work required. SKAI authorized to carry out access to records, employees, resources and funds and other bank assets related to the audit.

3. Duty and Responsibility of Compliance Director :

- a. To sets out the steps necessary to ensure the bank meets all BI regulations and other laws and regulations that apply in the context of the implementation of the precautionary principle.
- b. To monitor and maintain business activities of the bank does not deviate from the regulations in effect.
- c. To monitor and maintain the bank's compliance to all agreements and commitments that were made by banks to Bank Indonesia.

4. Duty and Responsibility of Board of Commissioners :

a. To coordinate with directors in optimizing SKAI includes

- Inaguration of chief SKAI
- Organization Structure
- Quantity and quality of human resources
- Strategy, implementation and evaluation of internal audit
- The mechanism relation to external auditor
- The implementation of Standard implementation of the internal audit of Bank, Good Corporate Governance, Risk Management and other regulations

b. To approve Internal Audit Charter and assess its adequacy.

V. THE INDEPENDENCE STATEMENT

SKAI should strive to be able to act as a consultant for internal parties who require, especially that concerning the scope of their duties. SKAI, among others, should provide feedback on policy proposals or new systems and procedures that had been intended aspects of internal control that will be achieved in the implementation of its objectives effectively and efficiently.

SKAI with their involvement in the review of this system, does not mean that things will be excluded as the object of the audit. Internal audit does not have the authority or responsibility to carry out operational activities auditee.

VI. REPORTING

Chief SKAI compulsory :

1. To Submit the audit result to the Managing Director and the Board of Commissioners with a copy to the Director of Compliance. Management should respond and immediately take measures necessary on the basis of the results of internal audit.
2. To prepare a report on the implementation and on the results of the audit will be submitted to BI each semester. The report should be signed by the Managing Director and Board.
3. To prepare a report immediately on any audit findings that could disturb the survival of a bank. Report shall be submitted to the Bank by the Managing Director and Board.

VII. OTHERS

IAC periodically need to be assessed for adequacy by Managing Director and the Board for the implementation of internal audit is always at the optimum level. This IAC shall take effect on the date specified and if in future there is development on the business activities of banks, the IAC will be held the necessary adjustment.