

**INTERNAL AUDIT CHARTER**  
**PT BANK PEMBANGUNAN DAERAH JAWA TIMUR Tbk**  
Number: 057/201/DIR/AUI/KEP

In order to protect and secure business activities in accordance with the vision and mission of PT Bank Pembangunan Daerah Jawa Timur Tbk as well as provide a foundation and working guidance for the Internal Audit Division, it is necessary to establish an Internal Audit Charter. The Internal Audit Charter of PT Bank Pembangunan Daerah Jawa Timur Tbk is based on Bank Indonesia Regulation Number: 1/6/PBI/1999 dated 20<sup>th</sup> September 1999 on the Assignment of Compliance Director and Standard of Implementation of Bank Internal Audit Function and Regulation of the Financial Services Authority Number 56/POJK.04/2015 on 23 December 2015 Concerning Establishment and Guidelines for the Preparation of the Charter of the Internal Audit Unit

**CHAPTER I**  
**VISION, MISSION & FUNCTION**

**Vision**

Becoming an Internal Audit who can act as a strategic partner

**Mission**

1. Helping organizations to achieve their goals by providing independent and objective assurance & consulting and adding value.
2. Evaluating the effectiveness of internal control, risk management, and governance process through the implementation of Risk Based Audit.
3. Managing internal audit activities effectively and efficiently (operational excellence).
4. Developing Internal Audit competencies and enhanced usage of information technology.
5. Increasing synergy of Internal Audit and external audit function.

**Function**

The Internal Audit Division helps organizations to achieve their goals through internal audit (assurance and consulting) activities and investigative activities in order to provide independent assessments of internal control, risk management implementation and governance process within the organization.

## **CHAPTER II POSITION IN ORGANIZATION**

### **The position of the Internal Audit Division within the Organization**

The Internal Audit Division should have support from the management and the Board of Commissioners, in order for the auditors are able to gain cooperation from the Auditee and doing job unhindered.

The Internal Audit Division is lead and held by the Head of the Internal Audit Division, appointed and dismissed by the President Director of the Bank with the approval of the Board of Commissioners and reported to the Regulator.

The Leader of the Internal Audit Division within the organization directly is under and responsible to the President Director of the Bank. To support independence and ensure the audit properly and authority in monitoring the follow-up, the Internal Audit Division can communicate with the Board of Commissioners through the audit committee.

The Internal Audit Division performs function as Integrated SKAI in the framework of applying Integrated Governance in Financial Conglomeration.

## **CHAPTER III SCOPE**

The scope of the Internal Audit Division work covers all areas of operation of PT Bank Pembangunan Daerah Jawa Timur Tbk in accordance with the prevailing governance to determine the adequacy of internal control quality, the implementation of risk management, and the governance process in order to help the organization achieve its objectives.

## **CHAPTER IV AUTHORITY & RESPONSIBILITY**

### **Authority of Internal Audit Division:**

1. Conducting Internal Audit activities on the activities of all work units within the organization of the bank as well as examining offsite related companies.
2. Conducting direct communication with the President Director, the Board of Commissioners, and/or the audit committee.
3. Conducting communication with external parties including regulators
4. Conducting access to all information, employees and including but not limited to accounts/records of employee resources and funds and other bank assets related to the implementation of the audit.

5. Conducting investigation activity on case/problem in every aspect and activity element indicated by fraud and violation of code of conduct.

### **Internal Audit Division Responsibility**

1. Planning and executing Internal Audit activities with the emphasis on high risk area activities and evaluating the available procedures/control system to obtain that the goals and objectives of the Bank can be achieved optimally
2. Implementing steps in order to extract information (investigation), reporting, and submitting recommendations/conclusions on fraud to the Management.
3. Providing recommendations on audit outcomes and monitoring the follow-up results of Internal Audit and investigation activities.

In the framework of performing functions as an Integrated SKAI, the duties and responsibilities of the Internal Audit Division refer to the Guidelines for Integrated Governance, consist of:

1. Monitoring the implementation of Internal Audit on related companies in financial conglomerates.
2. Publishing an integrated Internal Audit report to the President Director as a form of oversight function of the related company in a financial conglomerate.

## **CHAPTER V STATEMENT (INDEPENDENCE, OBJECTIVITY AND PROFESSIONALISM)**

Internal Audit Division should strive to be able to act as consultant to the internal parties in need, especially concerning the scope of its duty. The Internal Audit Division may respond to new policy or system proposals and procedures to assess internal control aspects so that its implementation will achieve its objectives effectively and efficiently.

The involvement of the Internal Audit Division in the review of this system, it does not mean that it will be excluded as an audit object. **The Internal Audit Division does not have the authority or responsibility to carry out operational activities of the Auditee.**

### **Independence**

The Internal Audit Division has independence in conducting Internal Audit activities and investigative activities, expressing views and thoughts in accordance with its profession and applicable standards.

1. Internal Auditors are able to express their views and thoughts without the influence or pressure of any other party.

2. Internal Audit Division has freedom in determining the method, scope, manner, technique and approach of audit that will be conducted.
3. In the Personnel Management, The Internal Audit Division shall be subject to the approval of the President Director and the Head of the Internal Audit Division

### **Objectivity**

1. Internal Auditors and Investigators should have an independent mental attitude in carrying out internal audit activities and investigation activities. This mental attitude is reflected in a complete and objective report, and based on careful and impartial analysis.
2. Internal Auditors and Investigators are free from conflict of interest on the object or activity being examined. If the Internal Auditor and Investigator have a conflict of interest on the object or activity being examined, then the concerned must state the linkage and not assigned to perform the audit of the object or activity concerned.

### **Professionalism**

Professionalism becomes the reference for the Auditors in performing their duties. Auditors must have attitude:

1. Integrity, independent mental attitude, honesty, objectivity, diligence, and uphold the ethics and profession of the Internal Auditor including being wise and careful in using the information obtained in the execution of duties and never using confidential information for personal interests or other matters that may cause harm to the Bank (confidentiality code).
2. Competence in accordance with the required competency profile.
3. Skill in interacting and communicating effectively both oral and written.
4. Obligation to comply with the Internal Auditor Code of Conduct and Internal Auditor Professional Standards for Internal Auditors and Investigator Code of Conduct and Investigator Professional Standards for Investigators.
5. The obligation to maintain the confidentiality of the Company's information and/or data related to the performance of the duties and responsibilities of the Internal Auditor unless required under the law or the determination or decision of the Court.

## CHAPTER VI INTERNAL AUDIT ACTIVITIES AND INVESTIGATIONS

### **Internal Audit Activities**

1. The Internal Audit Division carries out its activities under the annual audit plan approved by the President Director and reported to the Board of Commissioners through the Audit Committee.
2. The Internal Audit Division shall submit the report on the results of the Internal Audit activities to the President Director, the Board of Commissioners through the Audit Committee and Auditee with a copy to the Director in charge of the Compliance function.
3. Internal Audit Division shall submit report to the regulator in accordance with applicable provisions.
4. The Internal Audit Division monitors and analyzes and reports to the President Director and the Board of Commissioners through the Audit Committee on the progress of the follow-up of the improvements
5. In the implementation of the follow-up action which is not carried out by the Auditee then Internal Audit reports to the President Director and the Board of Commissioners through the Audit Committee for further action.
6. The Internal Audit Division monitors the implementation of the Internal Audit in the related Company and submits the integrated audit report results according to the duties and responsibilities as an Integrated SKAI in the financial conglomeration.

### **Investigative Activities**

1. The Internal Audit Division conducts an investigation into the case of the problem on every aspect and activity element indicated by fraud and violation of the code of conduct.
2. The investigative activity aims to reveal the modus operandi, causes, potential losses, offenders and other parties involved.
3. The Internal Audit Division reports the results of the investigation to the President Director to obtain a decision

## **CHAPTER VII REPORTING**

### **Leader of the Internal Audit Division Mandatory:**

1. Submitting the audit report to the President Director and the Board of Commissioners with a copy to the Compliance Director. The management must respond and immediately take the necessary steps on the basis of the Internal Audit results.
2. Preparing implementation reports and audit results to be submitted to the Regulator every semester. The report is signed by the President Director and the Board of Commissioners.
3. Preparing immediate report on any audit findings that are expected to disrupt the business continuity of the bank. The report must be submitted to the Regulator by the President Director and the Board of Commissioners.

## **CHAPTER VIII ETC**

1. Minimal once a year Internal Audit Charter needs to be assessed the adequacy by the President Director and Board of Commissioners for the implementation of internal audit activities to be at an optimal level.
2. This Internal Audit Charter shall enter into force on the date of stipulation and if there is any future progress on the Bank's business activities, the Internal Audit Charter will be subject to adjustments as necessary.

### **Legal Base**

Legislation and regulations related to the internal audit function:

1. Bank Indonesia Regulation No. 1/6/PBI/1999 on the Assignment of Compliance Director and Application of Standards for Implementation of Internal Audit Function of Commercial Banks.
2. Regulation of the Financial Services Authority No. 18/POJK.03/2014 dated 18th November 2014 on the Implementation of Integrated Governance for Financial Conglomeration.
3. Bank Indonesia Circular Letter No. 13/28/DPNP dated 9<sup>th</sup> December 2011 on the Implementation of Anti Fraud Strategy for Commercial Banks.
4. Regulation of the Financial Services Authority No. 56/POJK.04/2015 Concerning the Establishment and Guidelines for Formulating the Charter of the Internal Audit Unit