

# INTERNAL AUDIT CHARTER

**PT Bank BTPN Syariah Tbk**

Document Number	11/PedomanKerja/CSGC/XI/2020
Document Level	Work Guidelines
Unit's Owner	Corporate Secretary & General Counsel Division

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Page 1 of 8

**INTERNAL AUDIT CHARTER  
PT BANK BTPN SYARIAH TBK (“BANK”)**

**1. Preliminary**

Internal Audit Charter is a formal document to stipulate the scope, responsibility, and authority of Satuan Kerja Audit Intern (SKAI) Bank. The Charter affirms the position of SKAI within Bank organization, the independency and working relationship with external parties. The Internal Audit Charter is also an official confirmation that SKAI is committed to uphold code of ethics as the values in performing its responsibilities. The code of ethics refers to code of ethics stipulated by Internal Audit association both prevailing in Indonesia and international.

The Internal Audit Charter is prepared based on Financial Services Authority Regulation (POJK) on Implementation of Internal Audit Function in Commercial Bank and International Professional Practices Framework (IPPF) issued by The Institute of Internal Auditor (IIA).

**2. SKAI Position**

Position of SKAI within organization are as follows:

- 2.1. SKAI Head is directly report to the President Director of the Bank and in delivering his duties, SKAI submits the report to the President Director and the Board of Commissioners, and submits a copy of the report to the Audit Committee and the director in charge of the compliance function.
- 2.2. SKAI is led by SKAI Head who shall be appointed and dismissed by the President Director with Board of Commissioners approval by taking into account of Audit Committee recommendations.
- 2.3. The appointment and dismissal of SKAI Head should be reported to Financial Services Authority (OJK) or any other institution in accordance to the applicable regulations and enclosing considerations related to the appointment and dismissal.

**3. Scope of Work**

- 3.1. The scope of SKAI includes analysis and evaluation of the adequacy and effectiveness of the implementation of Governance Risk and Control (GRC), Information Management Systems, compliance with laws and regulations

including compliance with sharia principles in all aspects of bank activities, as well as the quality of organizational performance.

- 3.2. Internal Audit may coordinate its activities as well as rely on other internal or external parties auditing and consulting result to ensure adequate coverage and minimize duplication of works.
- 3.3. Advisory or consulting services provided by Internal Audit should not impede the task, main responsibilities or independence of the Internal Audit function. There should be no conflict of interest and Internal Audit must have appropriate expertise to perform its services. Management should maintain the accountability of selected controls to mitigate the risk.

#### 4. Main Duty

The main duty of SKAI are as follows:

- 4.1. To assist the President Director and the Board of Commissioners in conducting supervision by describing the planning, implementation and monitoring of audit results in operational terms.
- 4.2. To analyze and evaluate finance, accounting, operations, and other activities through audits.
- 4.3. To identify all possibilities to improve and increase the efficiency of the use of resources and funds; and
- 4.4. To develop suggestions for improvement and objective information about the activities examined at all levels of management.

#### 5. Authority

SKAI has the authority to:

- 5.1. Have access to all information about the company (all functions within the organization, records, employees, resources and funds as well as other Bank assets) relating to its duties and functions
- 5.2. Allocate resources, determine frequencies, select subjects and determine the scope of audit activities required to achieve the audit objectives
- 5.3. Implement audit methods in accordance with professional standards and generally accepted auditing standards and adjust them to conditions in the field.

- 5.4. Obtain the necessary assistance from the audited unit personnel and experts from both within and outside the organization.
- 5.5. Involve in BTPN's audit assignments as part of knowledge transfer and staff development.
- 5.6. Communicate directly with the Board of Directors, Board of Commissioners, Audit Committee, and Sharia Supervisory Board (DPS) including through private meetings without the presence of Management and with the Financial Services Authority (OJK) at least once in a year.
- 5.7. Hold regular and incidental meetings with the Board of Directors, Board of Commissioners, and Audit Committee, as well as the Sharia Supervisory Board.
- 5.8. Coordinate its activities with external auditors.
- 5.9. Attend the strategic meetings without having voting rights.
- 5.10. Ensure that there is sufficient approval in case of request in extension of the follow-up fulfillment target. The required approval are SKAI Head, Business / Function Head, and related Directors approval. Particularly for the extension of Information Technology (IT) audit follow-up, the required approval are SKAI Head, President Director and Board of Commissioners or Audit Committee approval and send the copy to Compliance Director.

**6. Code of Ethics and Auditor Requirements**

Every auditor must comply with the Bank's code of conduct standards and professional code of ethics and meet the following requirements:

- 6.1. Integrity
  - 6.1.1. Performing work honestly, diligently and responsibly
  - 6.1.2. Comply with the prevailing laws and professional regulations
  - 6.1.3. Not being part of illegal activities or participating in any dishonorable activity in the Internal Auditor profession or organization
  - 6.1.4. Implementing the Internal Audit Code of Ethics
- 6.2. Objectivity
  - 6.2.1. Not participating in activities that could objectively influence the assessment or create a conflict of interest
  - 6.2.2. Not accepting anything that could affect his professional opinion

6.2.3. Report the audit results according to the facts and evidence found

6.3. Confidentiality

6.3.1. Obligated to maintain the confidentiality of information related to the implementation of audit duties and responsibilities

6.3.2. Not using information for personal interests or other interests that could be against the law or with organizational goals

6.4. Competency

6.4.1. Have knowledge and experience regarding technical audit and other disciplines relevant to their duties, including understanding the principles of good corporate governance and risk management, laws and regulations in the Capital Market sector as well as other related laws and regulations.

6.4.2. Have the ability to interact and communicate both verbally and in writing effectively.

6.4.3. Apply knowledge, expertise, and experience in each task implementation (due professional care).

6.4.4. Perform an audit process in accordance with the Internal Auditor professional standards.

6.4.5. Continuously increasing knowledge, skills and abilities of professionalism as well as audit quality.

The use of guest auditor services from external or internal parties in assisting the audit shall consider the fulfillment of the auditor's code of ethics.


**7. SKAI Accountability**

SKAI responsible to report the following matters:

7.1. The appointment or dismissal of SKAI Head

7.2. The audit results of the adequacy and effectiveness of GRC, Information Management Systems, compliance with laws and regulations including compliance with sharia principles in all aspects of bank activities, quality of organizational performance as well as providing recommendations for necessary improvements.

7.3. Any audit findings that are considered to disrupt the continuity of the Bank's business. The report must be immediately submitted to the OJK by

	INTERNAL AUDIT CHARTER	CONFIDENTIAL
		Version 06

the President Director.

- 7.4. Review result of independent external party.
- 7.5. Internal Audit implementation and main audit results. The report should be submitted to the OJK in accordance with the applicable regulations. The report was signed by the President Director and the President Commissioner.
- 7.6. Report the summary of the internal audit activities to the official in charge of the internal audit function of the parent company.

## 8. Independence and Objectivity

The independence and objectivity of the SKAI are as follows:

- 8.1. SKAI has the full support of management so that it can work freely without interference from any party.
- 8.2. SKAI shall have no direct operational responsibility or authority over the activities being audited.
- 8.3. SKAI members shall not hold concurrent positions or carry out other operational activities. This includes implementing internal control, creating procedures, installing systems, making records or carrying out other activities that can interfere with the assessment.
- 8.4. SKAI members should avoid conflict and interest bias, actual or potential.
- 8.5. SKAI is obliged to apply regular rotation of assignments to each SKAI member by considering an adequate cooling-off period (at least 1 year since the last assignment).
- 8.6. SKAI implements periodic assignment restrictions and adequate cooling-off period for SKAI members.
- 8.7. New SKAI members recruited from certain units must pass a cooling-off period before being assigned to audit their original unit
- 8.8. SKAI implements a limitation on the use of services and an adequate cooling-off period for external parties.
- 8.9. SKAI must disclose any disturbances of independence or objectivity, if any, to the President Director and the Audit Committee.


## 9. Responsibility of SKAI Head

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	Page 6 of 8

In carrying out his duties and responsibilities, the SKAI Head must have adequate competence and ability to lead an independent and effective internal audit function as required by the Regulator.

The SKAI Head has the following duties and responsibilities:

- 9.1. To ensure that the implementation of the internal audit function is in accordance with the Internal Audit Professional Standards and the Internal Audit Code of Ethics.
- 9.2. To ensure that SKAI collectively has resources as competencies needed to perform SKAI duties.
- 9.3. To ensure that SKAI members participate in continuous professional development and other training in accordance with the development of the complexity and the Bank's business activities.
- 9.4. To prepare and review audit charters, policies and procedures designed to serve as a guide for periodic internal audits.
- 9.5. To prepare a risk-based annual audit plan and budget allocation for the implementation of the internal audit function for further review by the President Director and the Audit Committee for approval by the President Director and the Board of Commissioners.
- 9.6. To review and adjust the annual audit plan and obtaining approval from the President Director and the Board of Commissioners, if needed in response to changes in business, risk, operations, programs, systems and controls.
- 9.7. To ensure the implementation of internal audits is in accordance with the annual audit plan including the determination of objectives and coverage, proper assignment and adequate supervision, documentation of work programs and test results, as well as communication related to the results of engagements, complete with conclusions and recommendations to the right parties.
- 9.8. To report significant findings to the Board of Directors to take corrective action in a fast time.
- 9.9. To monitor and report corrective actions on findings to the Board of Directors and the Board of Commissioners with copies to the Audit Committee and the director in charge of the compliance function.
- 9.10. To ensure that the use of external party services does not affect the independence and objectivity of Internal Audit, adhere to the Audit Charter, and that the transfer of knowledge from third parties is carried out adequately.

	INTERNAL AUDIT CHARTER	CONFIDENTIAL
		Version 06

9.11. To deliver findings related to the implementation of compliance with sharia principles to the Sharia Supervisory Board.

## 10. **Quality Assurance and Improvement Program**

10.1. SKAI shall maintain a quality assurance and improvement program (QAIP) that covers all aspects of Internal Audit. This program shall include an evaluation of Internal Audit's conformance to the Standards and the Code of Ethics. The program will also assess the efficiency and effectiveness of SKAI and identify the opportunities for improvement.

10.2. External parties that provide external assessment on the Internal Audit conformance to the standards should be conducted at least once every 3 (three) years (July-June). The same party can be appointed for 2 (two) times period with a cooling-off of 1 (one) period before returning to provide the same review.

## 11. **Relationship with External Parties**

11.1. SKAI shall establish good communication with external parties, such as Regulator and External Auditor to create synergy and exchange of information with the objective to improve the quality of internal control, risk management, and governance of the Bank.

11.2. SKAI may also outsource external parties to assist in some audit assignments by following the applicable outsourcing regulations applied for bank wide, with 1 (one) year cooling-off period before being reassigned to the area they were previously involved or responsible.

## 12. **Closing**

Internal Audit Charter is set to become the working basis for SKAI. The Internal Audit Charter is reviewed at least once in 3 (three) years. The Internal Audit Charter is effective from the date it is stipulated.

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	Page 8 of 8