

AUDIT INTERNAL INTERNAL AUDIT

VISI

Menjadi Departemen *Internal Audit* yang profesional sesuai dengan PBI dan *best practice*, serta menjadi mitra Manajemen dalam pencapaian rencana bisnis Bank.

VISION

Being a professional Internal Audit Department in accordance with Bank Indonesia regulations and best practices, as well as being a Management partner in achieving the Bank's business plan.

MISI

Untuk memberikan keyakinan yang memadai dan jasa konsultasi, melalui aktivitas internal audit yang independen dan objektif yang dirancang untuk memberikan nilai tambah dan meningkatkan proses tata kelola, manajemen risiko, dan sistem pengendalian internal Bank, dengan memastikan kepatuhan Bank terhadap regulasi serta kebijakan & prosedur yang berlaku.

MISSION

To provide adequate confidence and consultancy services through an independent and objective internal audit activity designed to add value and improve the Bank's governance, risk management and control processes, by ensuring compliance with regulations and prevailing policies and procedures.

Audit internal merupakan proses audit yang dilakukan Bank melalui perangkat atau organ internal yang dimiliki. Proses audit internal Bank dilakukan oleh Departemen *Internal Audit* (SKAI) dan dipimpin oleh seorang Kepala Departemen.

FUNGSI DEPARTEMEN INTERNAL AUDIT

Fungsi SKAI Bank bersifat independen dan bertanggung jawab langsung kepada Presiden Direktur, serta memiliki jalur komunikasi langsung kepada Dewan Komisaris melalui Komite Audit.

Departemen *Internal Audit* memeriksa efektivitas sistem pengendalian internal, termasuk kepatuhan terhadap hukum dan peraturan yang berlaku, kecukupan proses tata kelola, manajemen risiko, dan sistem pengendalian internal Bank, serta memberikan rekomendasi untuk perbaikan.

Dalam melaksanakan tugas, SKAI berpedoman pada Piagam Audit Internal dan mengacu kepada Standar Pelaksanaan Fungsi Audit Intern Bank (SPFAIB) sesuai dengan peraturan Regulator. Rencana kerja SKAI 2017 disetujui oleh Presiden Direktur dan Komite Audit. Rencana tersebut dikaji ulang setiap tahun untuk memastikan relevansinya dengan kondisi dan risiko bisnis Bank.

The Internal Audit is an audit process conducted by the Bank through its own devices or internal organs. The Internal Audit process in the Bank is conducted by the Internal Audit Department (SKAI) and is lead by a Head of Department.

FUNCTIONS OF INTERNAL AUDIT DEPARTMENT

The Bank's Internal Audit Department has independent functions with direct responsibility to the President Director, and has direct communication channels to the Board of Commissioners through the Audit Committee.

The Internal Audit Department examines the effectiveness of the Bank's internal control system, including on compliance with prevailing laws and regulations, adequacy of governance processes, risk management, and the Bank's internal control system. It also provides recommendations for improvement.

In performing its duties, the Internal Audit Department is guided by the Internal Audit Charter and refers to the SKAI's Function Implementation Standards (SPFAIB) in accordance with regulations from regulators. SKAI's work programs in 2017 were approved by President Director and the Audit Committee. The plan is reviewed annually to ensure its relevance to the Bank's business conditions and risks.

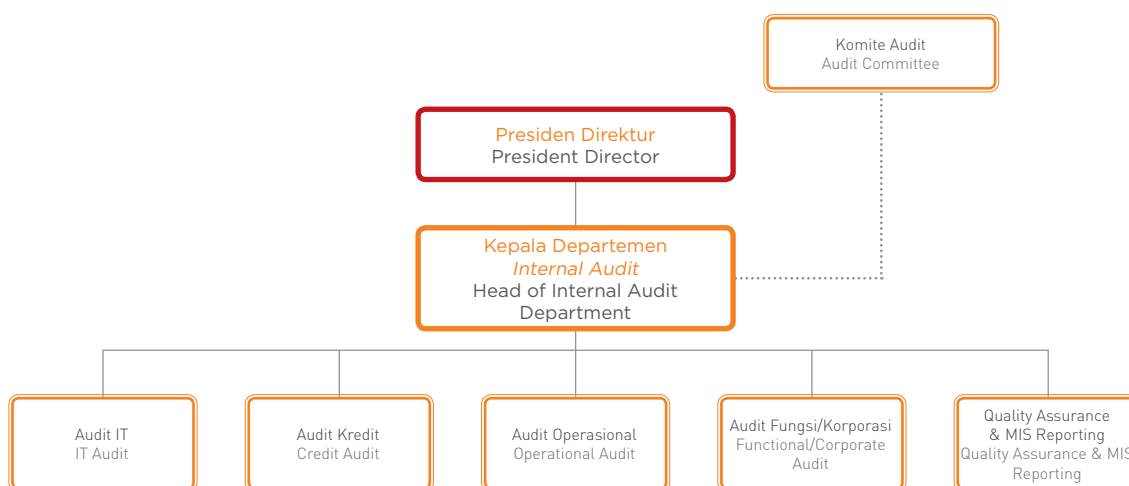
KEORGANISASIAN DEPARTEMEN INTERNAL AUDIT

Kepala Departemen *Internal Audit* melapor langsung kepada Presiden Direktur dan dapat berkomunikasi langsung dengan Dewan Komisaris melalui Komite Audit untuk menginformasikan hal-hal signifikan yang berhubungan dengan aktivitas audit internal. Struktur organisasi SKAI dapat dilihat pada diagram di bawah ini:

INTERNAL AUDIT DEPARTMENT ORGANIZATION

Head of the Internal Audit Department directly reports to President Director and can directly communicate with Board of Commissioners through the Audit Committee informing significant matters related with activities of the Internal Audit. SKAI's organizational structure can be seen in the diagram below:

STRUKTUR ORGANISASI DEPARTEMEN INTERNAL AUDIT INTERNAL AUDIT DEPARTMENT ORGANIZATIONAL STRUCTURE



Per 31 Desember 2017, jumlah karyawan Departemen *Internal Audit* sebanyak 12 (dua belas) orang. Berikut disampaikan rincian karyawan Departemen *Internal Audit*:

As of December 31 2017, the number of the Internal Audit Department's employees was 12 (twelve). The following are the details of the employees:

Jabatan Position	Fungsi Function	Jumlah Orang Number of Person
Kepala Departemen Department Head	SKAI Internal Audit Department	1
Ketua Tim Team Leader	Audit Teknologi Informasi IT Audit	1
	Audit Kredit Credit Audit	1
	Audit Operasional Operational Audit	1
	Audit Fungsi Korporasi Function of Corporate Audit	1
	Quality Assurance & MIS Reporting Quality Assurance & MIS Reporting	1
Auditor Internal Internal Auditor	Audit Kredit Credit Audit	2
	Audit Operasional Operational Audit	3
	Quality Assurance & MIS Reporting Quality Assurance & MIS Reporting	1
TOTAL		12

Pejabat Kepala Departemen Internal Audit

Berdasarkan Surat Keputusan Direksi No. 093/KPTS.DIR/ICBC.IND/2016 Bank telah menunjuk Indra Widjaja sebagai Kepala Departemen *Internal Audit*.

Head of Internal Audit Department

In accordance with Board of Directors Decree No. 093/KPTS.DIR/ICBC.IND/2016, the Bank has appointed Indra Widjaja as Head of Internal Audit Department.

Indra Widjaja

Kepala Departemen *Internal Audit* | Head of Internal Audit Department

Profil Indra Widjaja sebagai Kepala Departemen *Internal Audit* dapat dilihat pada bagian Profil Pejabat Eksekutif dalam bab Profil Perusahaan di laporan tahunan ini.

Profile of Indra Widjaja as the Head of the Internal Audit Department can be seen in the Executive Officers Profile in Company Profile chapter in this Annual Report.

Pengangkatan dan Pemberhentian Kepala Departemen Internal Audit

Kepala SKAI diangkat dan diberhentikan serta bertanggung jawab langsung kepada Presiden Direktur atas persetujuan Dewan Komisaris, dan selanjutnya dilaporkan kepada Otoritas Jasa Keuangan (OJK).

Appointment and Dismissal of Internal Audit Department Head

Head of the Internal Audit Department is appointed and dismissed and directly responsible to President Director upon approval by the Board of Commissioners, and subsequently reported to the Financial Services Authority (OJK).

Piagam Audit Internal

SKAI memiliki Piagam Audit Internal yang telah disahkan oleh Presiden Direktur, Presiden Komisaris, dan Komisaris Independen (Ketua Komite Audit) Bank dengan revisi terakhir pada 1 Desember 2015. Piagam ini merupakan pedoman antara lain mengenai tujuan, ruang lingkup, visi, misi, kedudukan, wewenang, tugas dan tanggung jawab Departemen *Internal Audit*. Kedudukan, kewenangan dan tanggung jawab yang dinyatakan secara formal dalam Piagam *Internal Audit* telah sesuai dengan Peraturan Bank Indonesia mengenai penerapan Standar Pelaksanaan Fungsi Audit Intern Bank (SPFAIB) dan Peraturan Otoritas Jasa Keuangan (POJK) No. 56/POJK.04/2015 tentang Pembentukan dan Pedoman Penyusunan Piagam *Internal Audit* serta *best practice* yang mengacu pada *International Professional Practice Framework* (IPPF) oleh Institute of Internal Auditor (IIA).

Internal Audit Charter

Internal Audit Department (SKAI) has an Internal Audit Charter approved by President Director, President Commissioner and Independent Commissioner (Chairperson of the Audit Committee) of The Bank with the latest revision being on December 1, 2015. This Charter is a guideline, among others, concerning the purpose, scope, mission, position, authority, duties and responsibilities of the Internal Audit Department. The position, authority and responsibilities formally stated in the Internal Audit Charter are in conformity with Bank Indonesia Regulation on the application of Bank Internal Audit Function Standards (SPFAIB). It is also in conformity with Financial Services Authority (POJK) Regulation No. 56/POJK.04/2015 on the Establishment and Guidelines for the Formulation of the Internal Audit Charter as well as with best practices that refer to the International Professional Practice Framework (IPPF) by the Institute of Internal Auditors (IIA).

Wewenang, Tugas dan Tanggung Jawab Departemen Internal Audit

Departemen *Internal Audit* memiliki wewenang sebagai berikut:

- Memperoleh akses yang tidak terbatas pada seluruh fungsi, catatan, pembukuan, personil, serta aset dan kewajiban Bank, baik di kantor pusat maupun cabang.
- Mempunyai akses penuh kepada Dewan Komisaris melalui Komite Audit apabila diperlukan.
- Mengalokasikan sumber daya, menetapkan jadwal, memilih subyek, menentukan cakupan tugas, dan menerapkan teknik yang dibutuhkan untuk memenuhi tujuan audit.
- Memperoleh bantuan yang dibutuhkan dari unit organisasi yang diaudit, serta layanan khusus lainnya, baik dari dalam maupun luar organisasi.

Departemen *Internal Audit* tidak berwenang untuk:

- Melaksanakan tugas operasional Bank.
- Melaksanakan, menginisiasi, atau menyetujui transaksi akuntansi/operasional atau aktivitas non-operasional lainnya di luar audit yang dapat mempengaruhi independensi termasuk apabila aktivitas tersebut mensyaratkan persetujuan Departemen *Internal Audit* sebelum dijalankan baik sementara maupun permanen.
- Mengarahkan aktivitas dari karyawan Bank yang tidak dipekerjakan oleh Departemen *Internal Audit*, kecuali karyawan tersebut telah ditugaskan sebagai tim pemeriksa atau diperbantukan di Departemen Internal Audit.

Departemen *Internal Audit* memiliki tugas antara lain:

- Membantu Presiden Direktur dan Dewan Komisaris dalam melakukan tugas pengawasan dengan cara menjabarkan perencanaan, pelaksanaan maupun pemantauan hasil audit.
- Membuat analisis dan penilaian di bidang keuangan, akuntansi, operasional dan kegiatan lainnya melalui pemeriksaan langsung dan pengawasan secara tidak langsung.
- Mengidentifikasi segala kemungkinan untuk memperbaiki dan meningkatkan efisiensi penggunaan sumber daya dan dana.
- Memberikan saran perbaikan dan informasi yang objektif tentang kegiatan yang diperiksa pada semua tingkatan manajemen.
- Menyampaikan laporan audit kepada Presiden Direktur dan Dewan Komisaris melalui Komite Audit dengan tembusan kepada Direktur Kepatuhan.

Authorities, Duties and Responsibilities of Internal Audit Department

Internal Audit Department has the following authorities:

- Acquiring unrestricted access to all functions, records, books, personnel, as well as assets and liabilities of the Bank, either at the head office or branch.
- Having full access to the Board of Commissioners through the Audit Committee if necessary.
- Allocating resources, setting schedules, selecting subjects, determining the scope of tasks, and applying the techniques required to meet audit objectives.
- Obtaining the required assistance from the organizational units to be audited, as well as other specialized services, both within and outside the organization.

Internal Audit Department is not authorized to:

- Carry out operational tasks of the Bank.
- Implement, initiate, or approve an accounting/operational transaction or other non-operational activity outside the audit that may affect independence, including if such activity requires the approval of the Internal Audit Department prior to its temporary or permanent execution.
- Direct the activities of the Bank's employees not employed by the Internal Audit Department, unless the employee has been assigned as a review team or seconded to the Internal Audit Department.

Internal Audit Department has the following tasks:

- Assist the President Director and the Board of Commissioners in conducting supervisory tasks by outlining the plan, implementation and monitoring of audit results.
- Make analysis and assessments in finance, accounting, operations and other activities through direct inspection and indirect supervision.
- Identify all possibilities to improve as well as improve the efficient use of resources and funds.
- Provide objective advice for improvements and information on the activities examined at all levels of management.
- Submit an audit report to the President Director and the Board of Commissioners through the Audit Committee with a copy to the Compliance Director.

- Memantau pelaksanaan tindak lanjut yang dilakukan oleh pihak yang di audit atas usulan langkah perbaikan yang telah disetujui.
- Membuat laporan pelaksanaan dan pokok-pokok hasil audit, termasuk informasi rahasia dari hasil audit. Laporan tersebut ditandatangani oleh Presiden Direktur dan Dewan Komisaris. Laporan harus dibuat untuk periode yang masing-masing berakhir pada 30 Juni dan 31 Desember, dan disampaikan kepada OJK paling lambat dua bulan sejak berakhirnya periode pelaporan.
- Segera membuat laporan khusus atas setiap temuan audit internal yang diperkirakan dapat membahayakan kelangsungan usaha Bank. Laporan tersebut harus ditandatangani oleh Presiden Direktur dan Dewan Komisaris. Laporan harus disampaikan segera ke OJK paling lambat 7 (tujuh) hari setelah adanya informasi temuan audit tersebut.
- Monitor the implementation of follow-ups conducted by the party in the audit on the proposed approved remedial steps.
- Produce implementation reports and audit results, including confidential information from the audit results. The report is to be signed by the President Director and the Board of Commissioners. Reports shall be made for the periods ending on June 30 and December 31, and shall be submitted to the Financial Services Authority (OJK) no later than two months after the end of the reporting period.
- Immediately make a special report on any internal audit findings that are expected to harm the Bank's business continuity. The report must be signed by the President Director and the Board of Commissioners. The report should be submitted immediately to OJK no later than 7 (seven) days after the information of the audit findings.

Tanggung Jawab Departemen *Internal Audit* adalah sebagai berikut:

- Membuat rencana audit yang fleksibel dengan menggunakan metodologi audit berbasis risiko, termasuk seluruh risiko dan masalah pengendalian yang teridentifikasi oleh manajemen dan menyampaikan rencana tersebut kepada Presiden Direktur dan Dewan Komisaris melalui Komite Audit untuk dikaji ulang dan disetujui, demikian pula dengan pengkiniannya secara periodik.
- Memberikan saran kepada Presiden Direktur langkah-langkah perbaikan yang perlu diambil oleh pihak yang diaudit, termasuk mengusulkan langkah korektif dan/atau usul pengenaan sanksi apabila perlu atas pelanggaran/penyimpangan yang dilakukan oleh pihak yang di audit.
- Memastikan kesesuaian fungsi dan aktivitas Departemen *Internal Audit* dengan Standar Pelaksanaan Fungsi Audit Intern Bank (SPFAIB).
- Create a flexible audit plan using a risk-based audit methodology, including all risks and control issues identified by management and submit these plan to the President Director and the Board of Commissioners through the Audit Committee for review and approval, as well as periodic updating.
- Provide advice to the President Director of corrective actions that need to be taken by the audited parties, including suggesting corrective action and/or proposed sanctions if necessary for violations/irregularities committed by the party in the audit.
- Ensure the suitability of functions and activities of the Internal Audit Department with the Bank Internal Audit Function Implementation Standard (SPFAIB).

Ruang Lingkup Pekerjaan Departemen *Internal Audit*

Ruang lingkup pekerjaan Departemen *Internal Audit* mencakup pemeriksaan atas seluruh aspek operasional Bank yang secara langsung ataupun tidak langsung dapat membahayakan kepentingan Bank dan masyarakat. Ruang lingkup audit meliputi hal-hal sebagai berikut:

- Melakukan kajian dan penilaian atas kecukupan sistem pengendalian internal yang telah ditetapkan untuk memberikan keyakinan yang memadai bahwa tujuan dan sasaran Bank ICBC Indonesia dapat dicapai secara efisien dan efektif.
- Melakukan kajian dan penilaian atas efektivitas sistem manajemen risiko Bank yang meliputi aspek risiko operasional, risiko kredit, risiko pasar, risiko likuiditas, risiko hukum, risiko kepatuhan, risiko reputasi, dan risiko stratejik. Cakupan kerja juga mencakup pengkajian atas risiko pada bidang Teknologi Informasi.
- Melakukan kajian dan penilaian atas efektivitas penerapan prinsip dan praktik tata kelola perusahaan yang baik (GCG) di semua tingkatan manajemen serta untuk meyakinkan kepatuhan terhadap regulasi yang terkait dengan GCG.
- Melakukan kajian dan penilaian atas pencapaian strategi bisnis yang ditetapkan.

Ruang lingkup Departemen *Internal Audit* mencakup seluruh area di Kantor Pusat, Kantor Cabang, dan Teknologi Informasi. Prioritas penugasan audit internal dilaksanakan dengan pendekatan audit berbasis risiko. Selain itu, pelaksanaan audit insidental dilaksanakan sesuai kebutuhan Bank.

Departemen *Internal Audit* memantau tindak lanjut yang dilakukan oleh manajemen dan *auditee* atas temuan hasil audit secara bulanan. Rangkuman kegiatan Departemen *Internal Audit* dan ringkasan hasil pemeriksaan telah disampaikan kepada Otoritas Jasa Keuangan pada setiap semester.

Internal Audit Department Scope of Work

The scope of work of the Internal Audit Department covers the examination of all aspects of the Bank's operations which may directly or indirectly compromise the interests of the Bank and the public. The scope of the audit includes the following:

- Review and assess the adequacy of the established internal control system to provide reasonable assurance that the goals and objectives of Bank ICBC Indonesia can be achieved efficiently and effectively.
- Review and assess the effectiveness of the Bank's risk management system including operational risk, credit risk, market risk, liquidity risk, legal risk, compliance risk, reputation risk, and strategic risk. The scope of work also includes an assessment of risks in the field of Information Technology.
- Review and evaluate the effectiveness of the application of good corporate governance principles (GCG) at all levels of management and to ensure compliance with GCG-related regulations.
- Conduct assessment and evaluation of the achievement of the Bank's defined business strategy.

The scope of the Internal Audit Department covers all areas of Head Office, Branch Offices, and Information Technology. The priority of internal audit assignments is carried out with a risk-based audit approach. In addition, the implementation of incidental audits is carried out according to the needs of the Bank.

The Internal Audit Department monitors the follow-ups conducted by the management and the audited parties on monthly audit findings. A summary of the activities of the Internal Audit Department and summary of inspection results have been submitted to the Financial Services Authority each semester.

KODE ETIK

Dalam menjalankan tugasnya Auditor Internal memiliki Kode Etik yang harus dipatuhi, yaitu:

- Integritas
 - Harus bekerja dengan jujur, sungguh-sungguh dan bertanggung jawab.
 - Harus mematuhi hukum dan membuat pengungkapan sesuai hukum dan profesi.
 - Tidak terlibat secara sadar dalam kegiatan ilegal, atau tindakan yang dapat mendiskreditkan profesi audit internal atau organisasi.
 - Harus menghormati dan berkontribusi pada tujuan yang etis dan telah ditetapkan oleh organisasi.
- Obyektivitas
 - Tidak terlibat di dalam aktivitas atau hubungan yang dapat merusak atau mengganggu penilaian yang obyektif. Hal ini mencakup aktivitas atau hubungan yang bertentangan dengan kepentingan organisasi.
 - Tidak boleh menerima sesuatu dalam bentuk apapun yang dapat atau patut diduga mempengaruhi pertimbangan profesionalnya.
 - Harus mengungkapkan semua fakta-fakta penting yang diketahuinya, jika tidak dilakukan pengungkapan dapat mendistorsi laporan atas aktivitas yang dikaji.
- Kerahasiaan
 - Berhati-hati dalam penggunaan dan selalu menjaga informasi yang diperoleh selama menjalankan tugasnya.
 - Tidak menggunakan informasi untuk kepentingan pribadi atau kepentingan lain yang bertentangan dengan hukum atau yang dapat merugikan tujuan yang telah ditetapkan organisasi.
- Kompetensi
 - Hanya menjalankan penugasan yang sesuai dengan pengetahuan, keterampilan, dan pengalaman.
 - Memberikan jasa audit internal sesuai dengan *Standards for the Professional Practice of Internal Auditing*.
 - Harus meningkatkan kemampuan dan efektivitas serta kualitas jasa audit yang diberikan.

CODE OF CONDUCT

In carrying out its duties, the Internal Auditor has a Code of Conduct that must be complied, namely:

- Integrity
 - Must work honestly, sincerely and responsibly.
 - Must comply with the law and make disclosures in accordance with laws and professions.
 - Not consciously engaging in illegal activities, or actions that may discredit the profession or organization.
 - Must respect and give contributions to the ethical goals set by the organization.
- Objectivity
 - Not engaging in activities or relationships that may damage or disrupt objective judgments. This includes activities or relationships that conflict with the interests of the organization.
 - Must not accept anything in any form which can or should be reasonably suspected to affect an auditor's professional judgment.
 - Must disclose all important facts an auditor knows, otherwise a lack of disclosure may distort the report on the activity being reviewed.
- Confidentiality
 - Be cautious in the use of information and always keep the information obtained during the course of their work.
 - Not using information for personal or other interests that are contrary to law or which may prejudice the organization's intended purpose.
- Competency
 - Only execute assignments that are compatible with the auditor's knowledge, skills and experience.
 - Provide internal audit services in accordance with *Standards for the Professional Practice of Internal Auditing*.
 - Must improve the ability and effectiveness as well as quality of audit services provided.

LAPORAN PELAKSANAAN TUGAS DEPARTEMEN INTERNAL AUDIT

Hingga 31 Desember 2017, Departemen *Internal Audit* (SKAI) mencatat pencapaian 131% (seratus tiga puluh satu persen) dari Rencana Kerja Tahunan. Pencapaian ini merupakan pelaksanaan serangkaian penugasan *ad-hoc* bagi SKAI dalam tahun berjalan seiring dengan pertumbuhan bisnis dan profil risiko Bank.

SKAI melakukan penilaian terhadap kecukupan sistem pengendalian internal dan berpartisipasi dalam meningkatkan efektivitas sistem pengendalian internal terkait aktivitas operasional Bank. Proses penilaian dilakukan dengan metode yang diterbitkan oleh *Committee of Sponsoring Organization of the Treadway Commission* (COSO) dan kepatuhan terhadap regulasi yang berlaku. COSO terdiri dari 5 (lima) pilar yaitu lingkungan pengendalian, penilaian risiko, aktivitas pengendalian, informasi & komunikasi, dan *monitoring*.

Selain itu, SKAI mengembangkan dan memaksimalkan metodologi serta alat bantu audit sehingga pelaksanaan audit lebih efektif dan efisien secara berkesinambungan, yaitu:

- Mengimplementasikan *audit management system* untuk memastikan standar kualitas audit dan mendukung proses audit tanpa kertas.
- Mengimplementasikan teknik berbantuan komputer (*Computer-Assisted Audit Technique/CAAT*) untuk mengekstrak data, menganalisa data, dan menghasilkan *exception report*.
- Mengkaji ulang, mengkonsolidasikan, dan mengkinikan kebijakan dan prosedur internal audit, yang bertujuan agar laporan hasil audit diselesaikan secara tepat waktu, dan proses penyelesaian temuan dilakukan lebih efektif.

SKAI secara rutin melakukan *review quality assurance* atas aktivitas audit internal. Tujuan pelaksanaan *review quality assurance* adalah:

- Memastikan proses audit telah sesuai dengan SPFAIB yang diatur dalam Peraturan Bank Indonesia No. 1/6/PBI/1999 tanggal 20 September 1999, dan metodologi audit yang berlaku.
- Memastikan pelaksanaan audit terdokumentasikan dengan baik dan temuan audit didukung dengan bukti yang cukup.
- Memastikan penggunaan *audit management system* dengan baik.

REPORT ON IMPLEMENTATION OF DUTIES OF INTERNAL AUDIT DEPARTMENT

As of December 31, 2017, the Internal Audit Department (SKAI) recorded a 131% (one hundred and thirty one percent) achievement of the Annual Work Plan. This achievement is the implementation of a series of *ad-hoc* assignments for SKAI in the current year in line with business growth and the Bank's risk profile.

The Internal Audit Department assesses the adequacy of the internal control system and participates in improving the effectiveness of the internal control system related to the Bank's operational activities. The assessment process is conducted by a method published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and through compliance with applicable regulations. COSO consists of 5 (five) pillars, namely, the control environment, risk assessment, control activities, information and communication, and monitoring.

In addition, the Internal Audit Department develops and maximizes the methodology and audit tools so that the implementation of audits is more effective and efficient on an ongoing basis. This means:

- Implementing an audit management system to ensure audit quality standards and supporting paperless auditing process.
- Implementing Computer-Assisted Audit Techniques (CAAT) to extract data, analyze data, and generate exception reports.
- Reviewing, consolidating, and updating internal audit policies and procedures. This is aimed at ensuring that audit reports are completed in a timely manner, and the process of completing the findings is more effective.

The Internal Audit Department regularly reviews quality assurance on internal audit activities. The purposes of implementing quality assurance reviews are:

- To ensure the audit process is in compliance with the SPFAIB as stipulated in Bank Indonesia Regulation No. 1/6/PBI/1999 dated September 20, 1999, and with applicable audit methodologies.
- To ensure that audits are properly documented and audit findings are supported with sufficient evidence.
- To ensure the proper use of audit management systems.

SERTIFIKASI DAN PELATIHAN

Departemen *Internal Audit* memberikan pelatihan dan ujian sertifikasi manajemen risiko kepada para Auditor Internal agar mematuhi regulasi yang berlaku. Untuk mendukung pertumbuhan bisnis, Departemen *Internal Audit* juga memberikan pelatihan kepada para Auditor Internal untuk meningkatkan pemahaman terhadap bidang usaha yang menjadi target Bank (seperti infrastruktur, energi, transportasi, dan lain-lain). Selain itu, Departemen *Internal Audit* juga memberikan pelatihan yang bersifat *soft-skills* maupun pelatihan untuk memperoleh sertifikasi profesi bagi para Auditor Internal.

Berikut data sertifikasi profesi yang dimiliki oleh para Auditor Internal Bank:

Sertifikasi Certification	Nama Name	Jabatan Position
<i>Certified Ethical Hacker (CEH)</i>	Herindra Nurbuana	<i>Team Leader - IT Audit</i>
<i>Certified Internal Auditor (CIA)</i>	Indra Widjaja	<i>Head - Internal Audit</i>
<i>Certified Information Security Manager (CISM)</i>	Indra Widjaja	<i>Head - Internal Audit</i>
<i>Certified Information System Auditor (CISA)</i>	Indra Widjaja	<i>Head - Internal Audit</i>
	Herindra Nurbuana	<i>Team Leader - IT Audit</i>
<i>Certified Risk Managemet Professional (CRMP)</i>	Indra Widjaja	<i>Head - Internal Audit</i>
<i>Enterprise Risk Management ISO 31000 certified Professional (ERMCP)</i>	Ardi Nanjaya	<i>Team Leader - Corporate Functions Audit</i>
<i>Certified Cobit 5 Foundation (Cobit5)</i>	Herindra Nurbuana	<i>Team Leader - IT Audit</i>
	Indra Widjaja	<i>Head - Internal Audit</i>
<i>Qualified Internal Auditor (QIA)</i>	Deny Syahbani	<i>Team Leader - Operation Audit</i>
	Wahyuni Pangestuti	<i>Auditor - Quality Assurance & MIS Reporting</i>
	Deny Syahbani	<i>Team Leader - Operation Audit</i>
	Sampe Tua Haryanto Sinambela	<i>Team Leader - Credit Audit</i>
	Lamtio Purba	<i>Team Leader - Quality Assurance & MIS Reporting</i>
	Taufiqurrahman	<i>Auditor - Operation Audit</i>
<i>Certified Bank Internal Auditor</i>	Susana	<i>Auditor - Operation Audit</i>
	Claudia Jessica Iskandar	<i>Auditor - Operation Audit</i>
	Jecica Yohana Baptista	<i>Auditor - Credit Audit</i>
	Dany Hermawan	<i>Auditor - Credit Audit</i>
	Wahyuni Pangestuti	<i>Auditor - Quality Assurance & MIS Reporting</i>

Bank memiliki kebijakan terkait pengembangan dan peningkatan kompetensi Audit Internal, yang dilakukan melalui berbagai pelatihan dan pendidikan dengan pendanaan sepenuhnya menjadi tanggung jawab Bank. Tentang daftar pelatihan dan pengembangan kompetensi Audit Internal dapat dilihat pada bab Profil Perusahaan pada laporan tahunan ini.

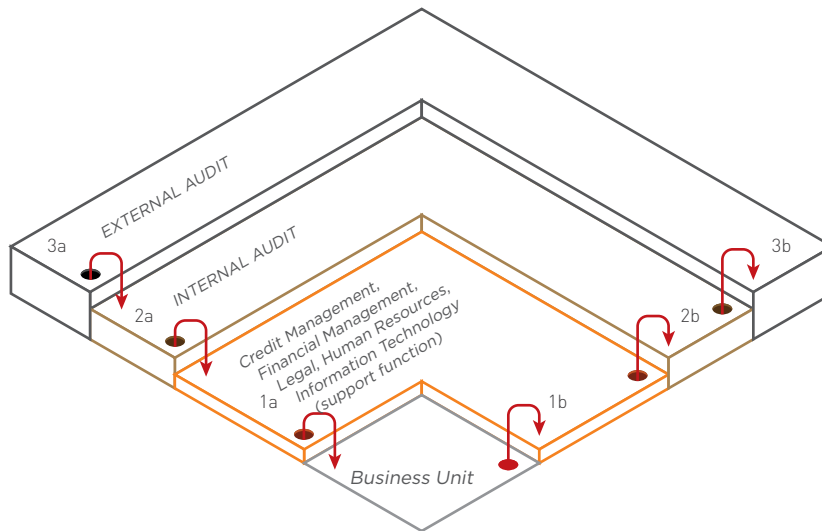
CERTIFICATION AND TRAINING

The Internal Audit Department provides training and risk management certification examinations to Internal Auditors in order to comply with prevailing regulations. To support business growth, the Internal Audit Department also provides training to Internal Auditors to improve understanding of the areas of business targeted by the Bank (such as infrastructure, energy, transportation, etc.). In addition, the Internal Audit Department also provides soft-skills training and training for obtaining professional certification for Internal Auditors.

The following is the certification data of the Internal Auditors of The Bank:

The Bank has its own policy related to the development and improvement of the competency of Internal Auditors. This is done through various training and education programs with full funding being the responsibility of The Bank. The list of training and competence development programs for Internal Auditors can be seen in its respective chapter within the Company Profile in this annual report.

SISTEM PENGENDALIAN INTERNAL INTERNAL CONTROL SYSTEM



<p>1a. Diskusi/Pelatihan Kebijakan dan Prosedur Kepatuhan Compliance Opinion, Sharing/ Training, Policy and Procedure</p>	<p>1b. Laporan Hasil Audit Internal Internal Audit Report, Sharing the Scope of Audit</p>
<p>2a. Laporan Hasil Audit Internal, Penilaian terhadap Kualitas Penerapan Manajemen Risiko, Laporan Kejadian Fraud, Laporan Hasil Audit Eksternal Internal Audit Report, Assessment on the QRMI, Fraud Event/ Investigation, Guest Auditor</p>	<p>2b. Laporan Hasil Audit Bank Indonesia/ Otoritas Jasa Keuangan, Laporan RCSA/ Laporan Kejadian Risiko, Laporan Risk Officer, Off-Site Data BI/ OJK Audit Report, RCSA/ RER/ Risk Officer Report, ICU Report, Other Off-site Data</p>
<p>3a. Ruang Lingkup Sharing Audit Scope</p>	<p>3b. Laporan Kejadian Risk Control Self-assessment (RCSA) Incident Reporting, RCSA</p>

Pada prinsipnya, sistem pengendalian internal terkandung dalam seluruh aktivitas dan diseluruh unit kerja. Dewan Komisaris dan Direksi bertanggung jawab penuh untuk mengawasi dan melaksanakan kerangka kerja sistem pengendalian internal yang diterapkan di Bank, dan untuk mengusulkan perubahan jika diperlukan. Bank telah membentuk tiga lapis *assurance* guna memastikan sistem pengendalian internal berjalan sesuai fungsinya.

In principle, the internal control system is contained in all activities and throughout all work units. The Board of Commissioners and the Board of Directors are fully responsible for overseeing and implementing the internal control system framework implemented at the Bank, and to propose changes where appropriate. The Bank has established three layers of assurance to ensure the internal control system is functioning accordingly.

Unit bisnis/pendukung/operasional yang ada di Cabang dan Kantor Pusat adalah lapis pertama *assurance*. Lapis kedua *assurance* adalah fungsi pendukung seperti manajemen risiko, kepatuhan, legal, sumber daya manusia, keuangan, operasional, dan teknologi.

Lapisan ketiga *assurance* adalah fungsi audit internal yang secara independen menilai efektivitas proses yang diciptakan di lapisan pertama dan kedua, serta memberikan *assurance* yang memadai atas seluruh aktivitas dan unit kerja.

SISTEM PENGENDALIAN KEUANGAN DAN OPERASIONAL

Sistem Pengendalian Internal ditetapkan oleh Direksi dengan persetujuan Dewan Komisaris. Penerapan sistem pengendalian yang efektif dilakukan secara berkesinambungan dengan tujuan sebagai berikut:

- Menjaga dan mengamankan harta kekayaan Bank.
- Menjamin tersedianya laporan yang lebih akurat.
- Meningkatkan kepatuhan terhadap ketentuan yang berlaku.
- Mengurangi dampak keuangan/kerugian, penyimpangan termasuk kecurangan/*fraud*, dan pelanggaran terhadap prinsip kehati-hatian.
- Meningkatkan efektivitas organisasi dan efisiensi biaya.

PENILAIAN TERHADAP EFEKTIVITAS PENGENDALIAN INTERNAL

Manajemen bertanggung jawab atas terselenggaranya sistem pengendalian internal yang handal dan efektif serta berkewajiban untuk meningkatkan budaya risiko (*risk culture*) yang efektif, dan wajib memastikan bahwa hal tersebut telah melekat di setiap jenjang organisasi. Departemen *Internal Audit* (DIA) bertanggung jawab mengevaluasi dan berperan aktif dalam meningkatkan efektivitas sistem pengendalian internal secara berkesinambungan berkaitan dengan pelaksanaan operasional Bank dalam mencapai sasaran yang telah ditetapkan Bank. Departemen *Internal Audit* melakukan audit secara periodik terhadap seluruh aktivitas di unit kerja. Hasil audit disampaikan kepada Manajemen untuk ditindaklanjuti dan di-*monitor* pelaksanaannya. Hal ini dilakukan untuk memastikan sistem pengendalian internal berjalan secara efektif.

Business/support/operational units in the branch and head office serves as the first layer of assurance. The second layer of assurance is a support function such as Risk Management, Compliance, Legal, Human Resources, Financial Management, Operations, and Information Technology.

The third layer of assurance is an internal audit function that independently assesses the effectiveness of processes created in the first and second layers, and provides adequate assurance of all activities and work units.

FINANCIAL AND OPERATIONAL CONTROL SYSTEMS

The Internal Control System is established by the Board of Directors with the approval of the Board of Commissioners. Implementation of effective control systems is carried out continuously with the following objectives:

- Maintain and secure the Bank's assets.
- Ensure more accurate reporting.
- Improve compliance with applicable regulations.
- Reduce financial/disadvantageous impacts, irregularities, including cheating/*fraud*, and violation of prudential principles.
- Improve organizational effectiveness and cost efficiency.

ASSESSMENT OF EFFECTIVENESS OF INTERNAL CONTROLS

The management is responsible for the implementation of a reliable and effective internal control system and is obliged to promote an effective risk culture, and must ensure that it is inherent at every level of the organization. The Internal Audit Department is responsible for evaluating and taking an active role in improving the effectiveness of the internal control system on an ongoing basis in relation to the Bank's operational implementation in achieving the objectives set by the Bank. The Internal Audit Department conducts periodic audits of all activities in the work unit. Audit results are submitted to Management for follow-up and monitored for implementation. This is done to ensure the internal control system runs effectively.

FUNGSI KEPATUHAN (COMPLIANCE)

Untuk memenuhi ketentuan dalam Peraturan Otoritas Jasa Keuangan No. 55/POJK.03/2016 tentang Penerapan Tata Kelola Bagi Bank Umum, Bank telah menetapkan serangkaian Pedoman *Compliance* yang antara lain berupa:

Piagam *Compliance*

Piagam *Compliance* merupakan standar formal yang berisi prinsip-prinsip dasar, kewenangan, tugas dan tanggung jawab fungsi *compliance* dalam organisasi, dan jalur pelaporan antara Direksi, Dewan Komisaris dan Otoritas Jasa Keuangan (OJK) selaku pengawas Bank.

Pernyataan *Compliance*

Pernyataan *Compliance* berisi kesanggupan setiap karyawan Bank untuk bertanggung jawab dan patuh pada Kode Etik Perilaku; kebijakan, prosedur, dan pedoman internal; Peraturan Bank Indonesia dan OJK; serta peraturan dan perundang-undangan yang berlaku sesuai dengan lingkup pekerjaan karyawan yang bersangkutan.

Kebijakan *Compliance*

Kebijakan *Compliance* merupakan ketentuan yang mendefinisikan peran *Compliance* didalam Bank. Kebijakan ini diterbitkan dalam rangka memitigasi risiko pada aktifitas bisnis Bank (tindakan preventif (*ex-ante*)).

KESESUAIAN DENGAN COSO

Sistem pengendalian internal Bank disusun secara terintegrasi dan telah sesuai dengan metode yang diterbitkan oleh *Committee of Sponsoring Organization of the Treadway Commission* (COSO) dan kepatuhan terhadap regulasi yang berlaku.

COMPLIANCE CHARTER

To comply with the provisions of the Financial Services Authority Regulation No. 55/POJK.03/2016 on the Implementation of Good Corporate Governance for Commercial Banks, The Bank has established a series of Compliance Guidelines, which include:

Compliance Charter

The Compliance Charter is a formal standard that contains the basic principles, authorities, duties and responsibilities of the Compliance Function within the organization, and the reporting line between the Board of Directors, the Board of Commissioners and the Financial Services Authority (OJK) as the Bank's supervisor.

Compliance Statement

The Compliance Statement contains the ability of every Bank employee to be responsible and adhere to the Code of Conduct; internal policies, procedures and guidelines; Bank Indonesia and OJK Regulations; as well as applicable laws and regulations in accordance with the scope of work of the employees concerned.

Compliance Policy

The Compliance Policy is a provision that defines Compliance's role within the Bank. This policy is published in order to mitigate the risks to the Bank's business activities (*ex-ante*).

COMPATIBILITY WITH COSO

The internal control system of The Bank is developed in an integrated manner and is in accordance with the method published by the Committee of Sponsoring Organization of the Treadway Commission (COSO) and is in compliance with prevailing regulations.