

# ***INTERNAL AUDIT CHARTER***

## Table of Content

1. Vision.....	2
2. Mission.....	2
3. Purposes.....	2
4. Organization & Requirements.....	2
5. Responsibilities.....	3
6. Definition or Audit Scope.....	4
7. Reporting Responsibilities.....	5
8. Authority.....	5
9. Accountability.....	6
10. Code of Ethics.....	6
11. Standards.....	7
12. Closing.....	7

## **1. VISION**

To be a unit that plays an active role in oversight through assurance and consulting activities in assisting the Company to achieve its vision and mission, and gives value added to the Company as well.

## **2. MISSION**

To ensure that the Company's operations are conducted according to the highest standards by providing an independent, objective assurance function and by advising on best practice. Through a systematic and disciplined approach, Internal Audit helps the Company accomplish its objectives by evaluating and improving the effectiveness of risk management, control and governance processes.

## **3. PURPOSES**

As a service to Management, Internal Audit acts as an assurance and consulting function by examining, evaluating and advising on the adequacy and effectiveness of the Company's system of internal control and quality of performance. This control assurance function systematically evaluates and improves the effectiveness of the risk management, control, and governance processes, which enables management to be more effective in meeting its business objectives and in fulfilling its obligations to its shareholders.

## **4. ORGANIZATION & REQUIREMENTS**

The Internal Audit Unit shall consist of one or more internal auditor of the Company. The Internal Audit Unit is headed by a Head of Internal Audit. Head of Internal Audit Unit is appointed and dismissed by President Director with Board of Commissioner's approval. He/she is responsible directly to President Director. He/she shall submit the report to President Director and Board of Commissioners through Chairman of the Audit Committee. He/she is also responsible for the development, review and modification of audit policies, procedures, and goals for the conduct of audits. Each appointment, replacement, or dismissal of the Head of Internal Audit Unit should be notified immediately to the Financial Services Authority (*Otoritas Jasa Keuangan/OJK*).

The requirements of internal auditor are:

- has integrity, professional, independent, fair, and objective attitudes in performing his or her duty;
- has knowledge and experience in audit technique and other relevant knowledge to his or her duty;
- has knowledge in law and regulations related to the company;
- has capability to interact and communicate both verbally and in writing;

- shall comply with professional standard which is issued by Internal Auditor Association;
- shall comply with the ethical code of Internal Auditor;
- shall maintain confidentiality of company's information and/or data related to performing of Internal Audit Unit's duties and responsibilities except required by regulations or court's decrees/decisions;
- understands good corporate governance and risk management principles; and
- willing to enhance his or her professional knowledge, expertise and skill in ongoing basis.

## **5. RESPONSIBILITIES**

The Head and staff of the Internal Audit Unit have responsibilities to:

- Develop a flexible annual audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to the Audit Committee for review and approval as well as periodic updates. Internal Audit Plan should be approved by Audit Committee and President Director
- Implement the annual audit plan, as approved, including as appropriate any special tasks or projects requested by management and the Audit Committee.
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter.
- Assess the efficiency and effectiveness in area of finance, accounting, operation, human resources, marketing, information technology and other activities.
- Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
- Performing audit of compliance to related regulations and laws.
- Monitor, analyze and report the progress of recommended follow up actions
- Issue periodic reports to President Director
- Issue the summarizing results of audit activities to Board of Commissioners through the Audit Committee
- Keep the Audit Committee informed of emerging trends and successful practices in internal auditing.
- Assist in the investigation of significant suspected fraudulent activities within the organization and notify management and the Audit Committee of the results.

- Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the organization at a reasonable overall cost.
- Continuously develop program to evaluate the quality of internal audit. This may include a periodical review performed by external parties to ensure its conformance with International Performance Practices Framework issued by Institute of Internal Audit (IIA).

## **6. DEFINITION OF AUDIT SCOPE**

The scope of internal auditing encompasses the examination and evaluation of the adequacy and effectiveness of the organization's system of internal control and the quality of performance in carrying out assigned responsibilities. There are two types of internal auditor's task that shall be performed namely Assurance engagement and Consulting engagement.

Assurance Engagement defined as an engagement in which an auditor expresses a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the outcome of the evaluation or measurement of a subject matter against criteria.

Consulting Engagement defined as advisory service activity where the nature and scope are agreed with the auditee and are intended to add value and improve an organization's governance, risk management, and control processes without the internal auditor assuming management responsibility

The scope of internal auditing includes:

- Reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information.
- Reviewing the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations that could have significant impact on operations and reports, and determining whether the organization is in compliance.
- Reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets
- Reviewing established systems of internal control to ascertain whether they are functioning as designed.
- Reviewing and appraising the economy and efficiency with which resources are employed.
- Reviewing specific programs or initiatives to ascertain whether results are consistent with established objectives and goals and whether the programs or initiatives are being carried out as planned.

## **7. REPORTING RESPONSIBILITIES**

A written audit report will be prepared and issued by the Head of Internal Audit following the conclusion of each audit and will be distributed as appropriate. The manager of the activity or department receiving the report will respond to any audit recommendations, the responses will be included in the finalized report. The response should include a timetable for anticipated completion of action to be taken and an explanation for any recommendations that will not be addressed

## **8. AUTHORITY**

Heads of Department should inform Internal Audit without delay of any significant incident concerning security and/or compliance with regulations and procedures.

The Head and staff of The Internal Audit Unit are authorized to:

- Have unrestricted access to all functions, records, property, and personnel related to their duties and roles.
- Have full and free access to the Directors, and direct communication to Audit Committee and Commissioners.
- Perform regular and incidental meeting with the Directors, Audit Committee and Commissioners.
- Serve as a counterparty for external auditor.
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.
- Obtain the necessary assistance of personnel in units of the organization where they perform audits, as well as other specialized services from within or outside the organization.

The Head and staff of The Internal Audit Unit are not authorized to:

- Perform any operational duties for the organization or its affiliates.
- Initiate or approve accounting transactions external to the internal audit unit
- Direct the activities of any organization employee not employed by the internal audit unit, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.
- Hold any dual position, namely as an Internal Auditor in the Internal Audit Unit and officer who is taking care of any operational activities of the Company or its subsidiary (if available).

## **9. ACCOUNTABILITY**

The internal audit unit shall be accountable to President Director to:

- Provide annually an assessment on the adequacy and effectiveness of the organization's processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work.
- Report significant issues related to the processes for controlling the activities of the organization and its affiliates, including potential improvements to those processes, and provide information concerning such issues through resolution.
- Periodically provide information on the status and results of the annual audit plan and the sufficiency of department resources.
- Coordinate with and provide oversight of other control and monitoring functions (risk management, compliance, security, legal, ethics, environmental, external audit)

## **10. CODE OF ETHICS**

Internal Audit Head and staff have a responsibility to conduct themselves so that their integrity, objectivity, confidentiality, and competency are not open to question. Standards of professional behavior are based upon the Code of Ethics issued by the Institute of Internal Auditors. Internal auditors will:

- Exercise honesty, objectivity, and diligence in the performance of their duties and responsibilities.
- Exhibit loyalty in all matters pertaining to the affairs of the Company and not knowingly be a party to any illegal or improper activity.
- Refrain from entering into any activity which may be in conflict with the interest of the Company or which would prejudice their ability to objectively carry out their duties.
- Decline to accept anything that may impair or be presumed to impair their professional judgment.
- Be prudent in the use of information acquired in the course of their duties and not use confidential information for any personal gain or in a manner that knowingly would be detrimental to the welfare of the Company.
- Use reasonable care to obtain sufficient, factual evidence to support the conclusions drawn and, in reporting, reveal such material facts known to them which, if not revealed, could distort the report of the results of operations under review or conceal an unlawful practice.

- Engage only in those activities which they have the necessary knowledge, skill, and experience.
- Continue to strive for improvement in the proficiency and effectiveness of their service

## 11. STANDARDS

Internal Audit adheres to the standards of best professional practice, such as those published by the Institute of Internal Auditors chapter Indonesia and the Information Systems Audit and Control Association, and the relevant reports and recommendations.

## 12. CLOSING

1. Internal audit charter shall come into force on the date specified
2. In accordance with the development and needs of the company, the internal audit charter will be reviewed periodically at least once in three years.

Jakarta, March 5 2020

PT Indonesia Infrastructure Finance

Interim President Commissioner/  
Independent Commissioner



V. Sonny Loho

President Director



Reynaldi Hermansjah

No: AM.001/X/IIF-AC/2023

Jakarta, October 10, 2023

**Subject: Statement of Periodic Review of Internal Audit Charter**

We, hereby declare that we have conducted a periodic review of our Company's Internal Audit Charter documents, encompassing vision, mission, purpose, organization & requirements, responsibilities, definition audit scope, reporting responsibilities, authority, accountability, code of ethics and standards, as well as other operational rules outlined in the document.

After a thorough review, we are of the view that our Company's Internal Audit Charter documents remain in compliance with the current regulations set forth by the Financial Services Authority. There are no significant changes or revisions in the documents that require notification or approval from the relevant authorities. Hence, we ensure that all policies and procedures outlined in these documents continue to be applicable and are executed in full compliance.

We make this statement in demonstrating our commitment to complying with the applicable regulations.

**PT INDONESIA INFRASTRUCTURE FINANCE**



**Yudi Adrial**  
Head of Internal Audit

Acknowledged by,



**Rinaldi Firmansyah**  
Interim Chairman of Audit Committee

**PT INDONESIA INFRASTRUCTURE FINANCE**

Prosperity Tower, 53<sup>rd</sup> - 55<sup>th</sup> Floor  
District 8, Sudirman Central Business District, Lot 28  
Jl. Jenderal Sudirman Kav. 52-53  
Jakarta 12190

P. +62 21 5082 6600  
F. +62 21 5082 6601  
E. [info@iif.co.id](mailto:info@iif.co.id)  
[www.iif.co.id](http://www.iif.co.id)