

Internal Audit Overview

Made and Presented by: BRI Research Institute,
Internal Audit Directorate
PT Bank Rakyat Indonesia (Persero) Tbk





INTERNAL AUDIT OVERVIEW

BRI International Delegation Forum

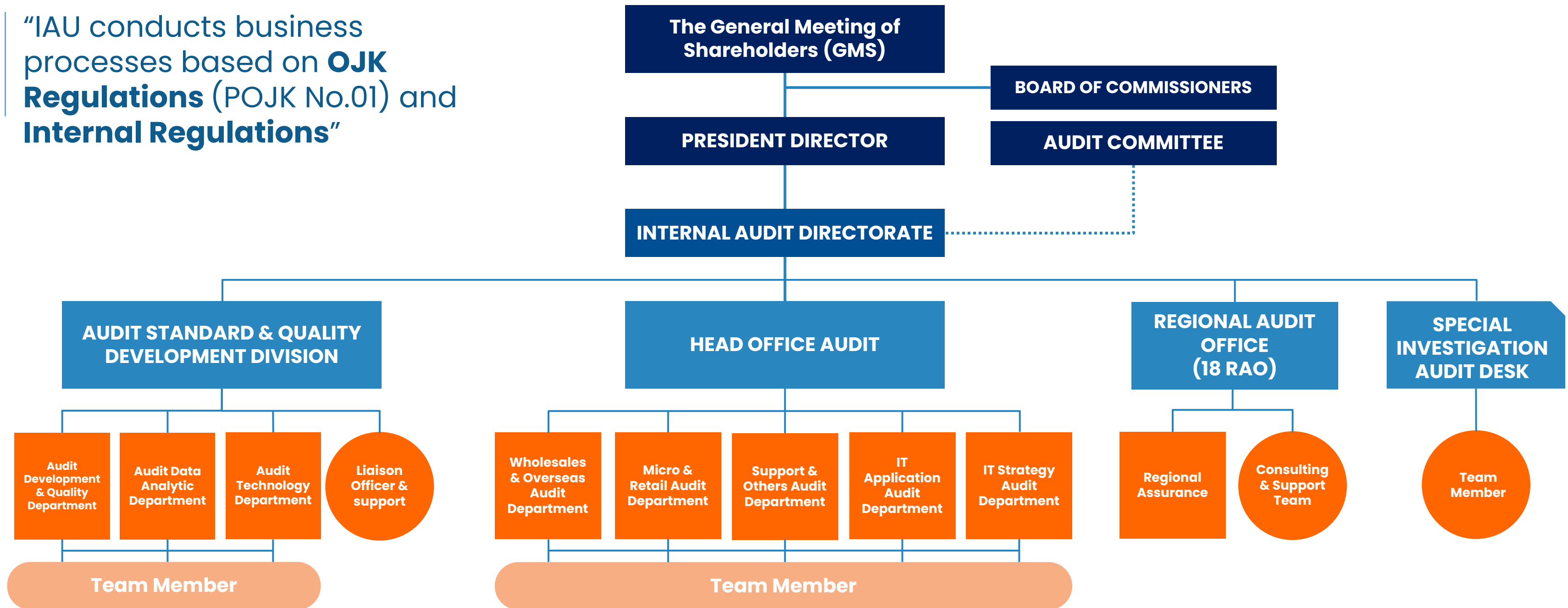
Internal Audit Directorate
PT Bank Rakyat Indonesia (Persero) Tbk

January, 2024

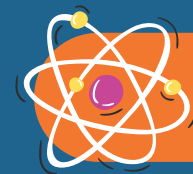


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“IAU conducts business processes based on **OJK Regulations** (POJK No.01) and **Internal Regulations**”

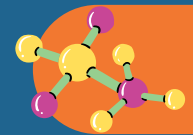


- ❑ **IAU reports directly to the President Director** and has a line of communication with the Board of Commissioners through the Audit Committee.



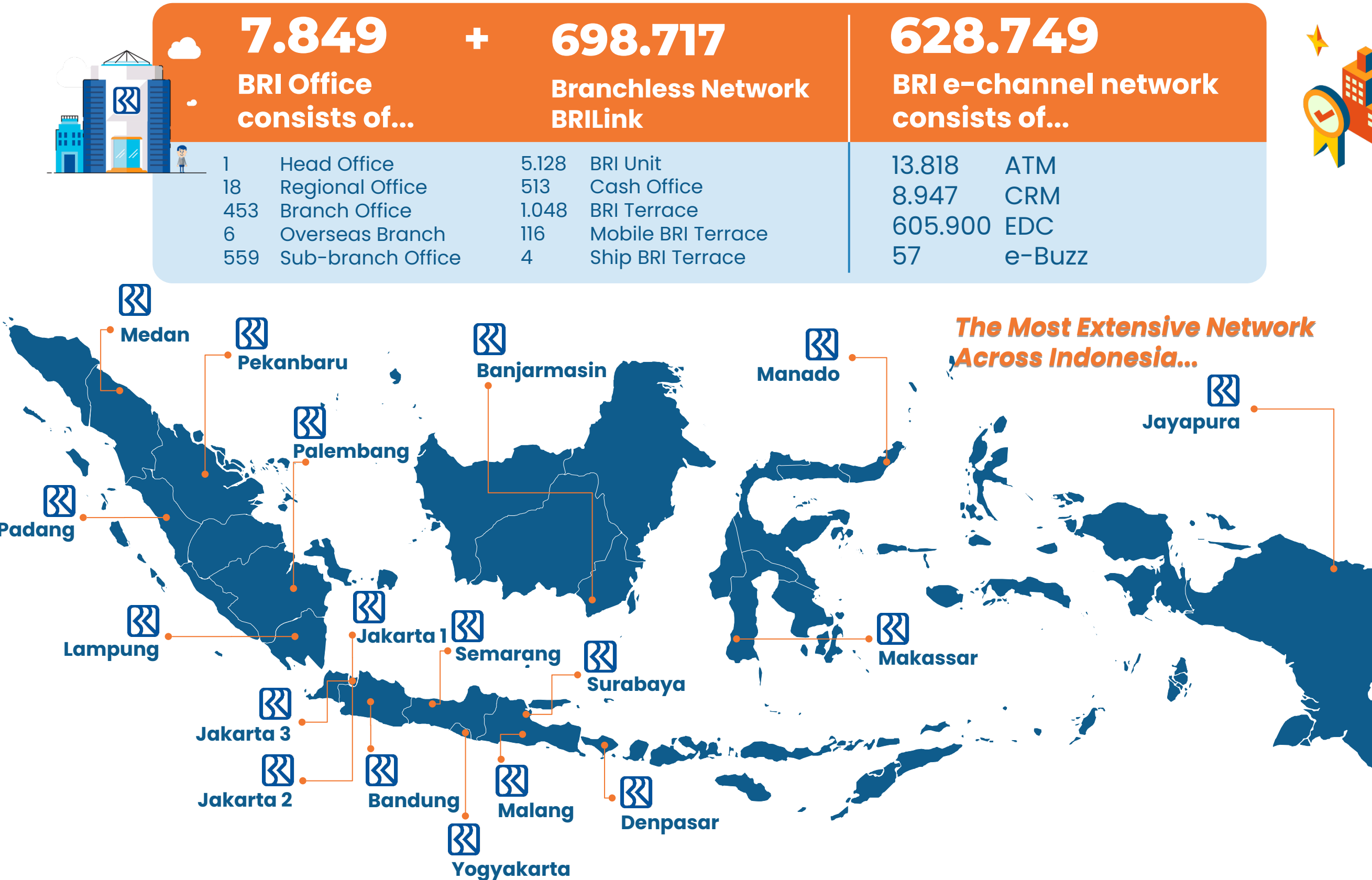
Vision

Become a reliable **Strategic Business Partner** in order to achieve BRI's vision and mission, and become a **Benchmark of Best Practice for Internal Auditing** in Indonesia with international standards



Mission

1. Implement **Risk Based Audit** independently and professionally that provides optimal benefits to BRI through
 - a. Alignment of audit focus with **BRI's key business objectives**
 - b. Utilization of **reliable audit technology**
 - c. **Improving the competence** of professional Internal Auditors
2. Taking an active role in **sustainable business improvements**
3. Taking a role in **improving and protecting company value**
4. **Provide added value** to the Company through independent and objective activities



BRI Integrated Financial Conglomerate

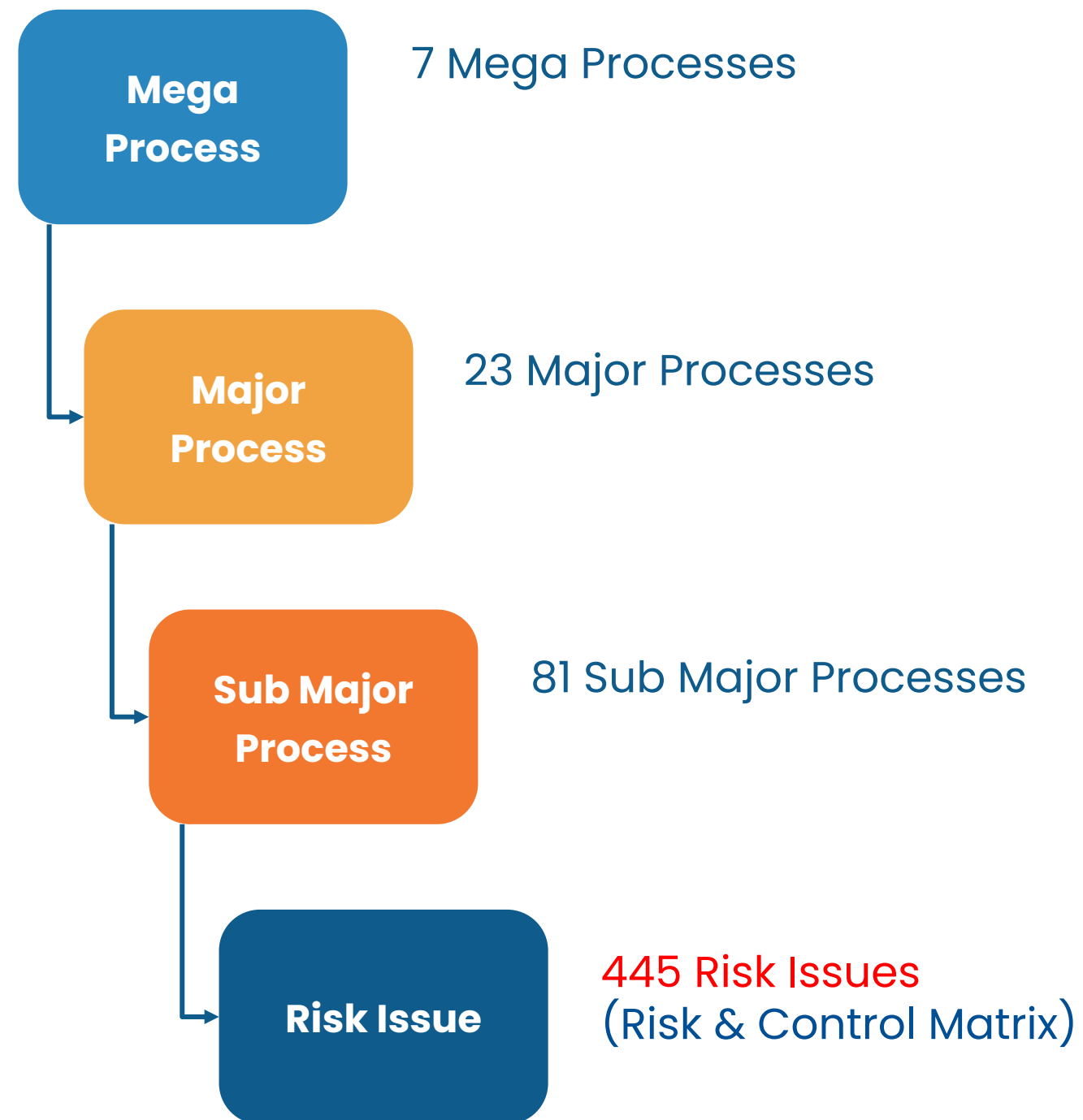
10 Subsidiaries

Permodalan Nasional Madani

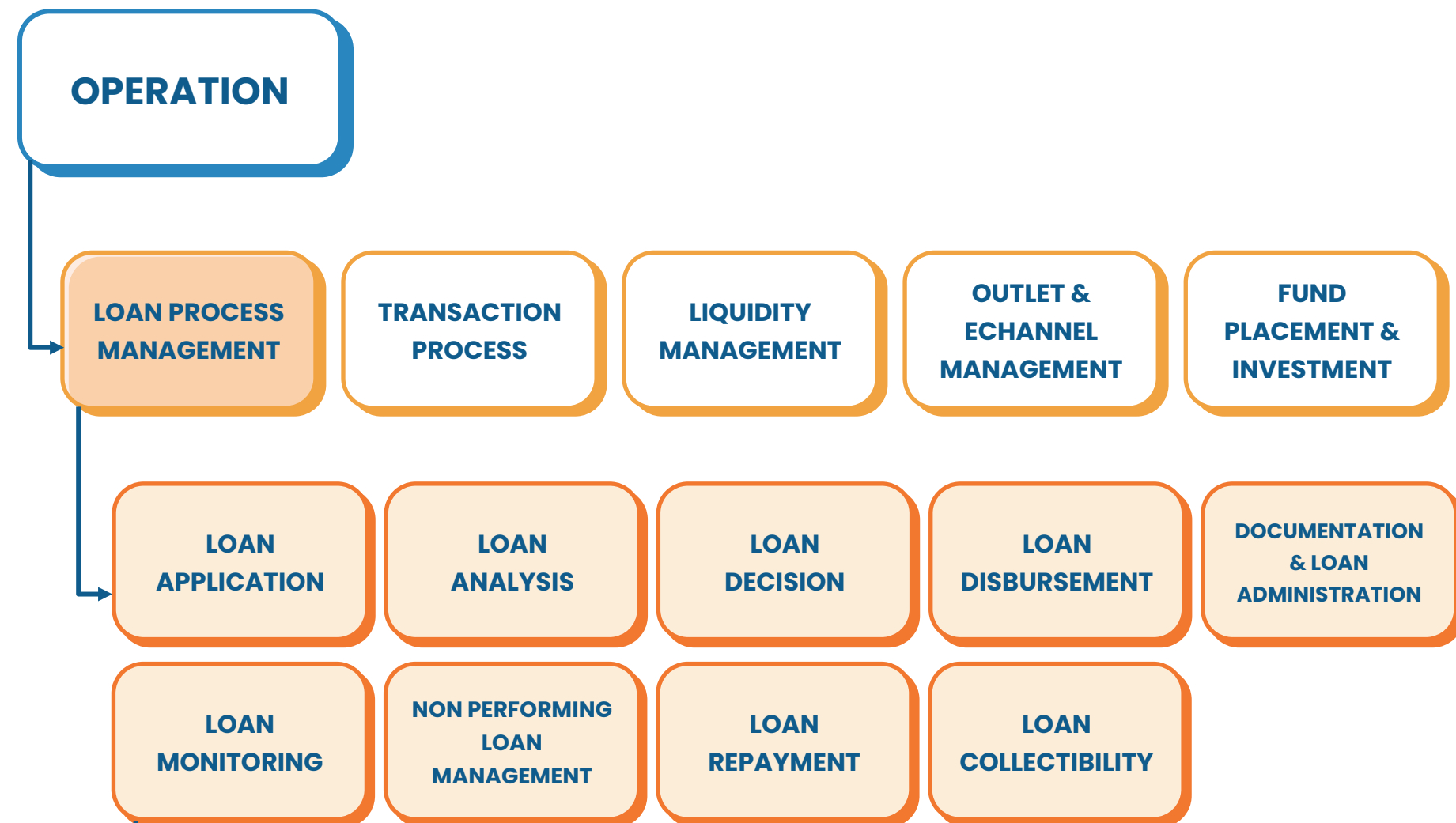
>> AUDIT UNIVERSE (Business Process Approach)

A series of activities that provide benefits (value), it's a series that converts inputs into outputs

BRI Business Process Decomposition



For Example:



- Loan application and pre-screening processes are not conducted adequately.
- The 5 C's analysis is not conducted accurately/ is not reasonable/ is not adequate according to the actual conditions.
- Loan calculation is not accurate.
- Insurable collateral is not insured for an amount and duration that are sufficient.

>> Leveraging Technology, Adopting New Ways of Working, and Evolving IA's Skills and Capabilities are Internal Audit Unit (IAU) Responses For Navigating Risk and Complexity



Leveraging Technology

Audit Management System 2.0



Audit Tools



Machine Learning

Dashboard Branch Analytic

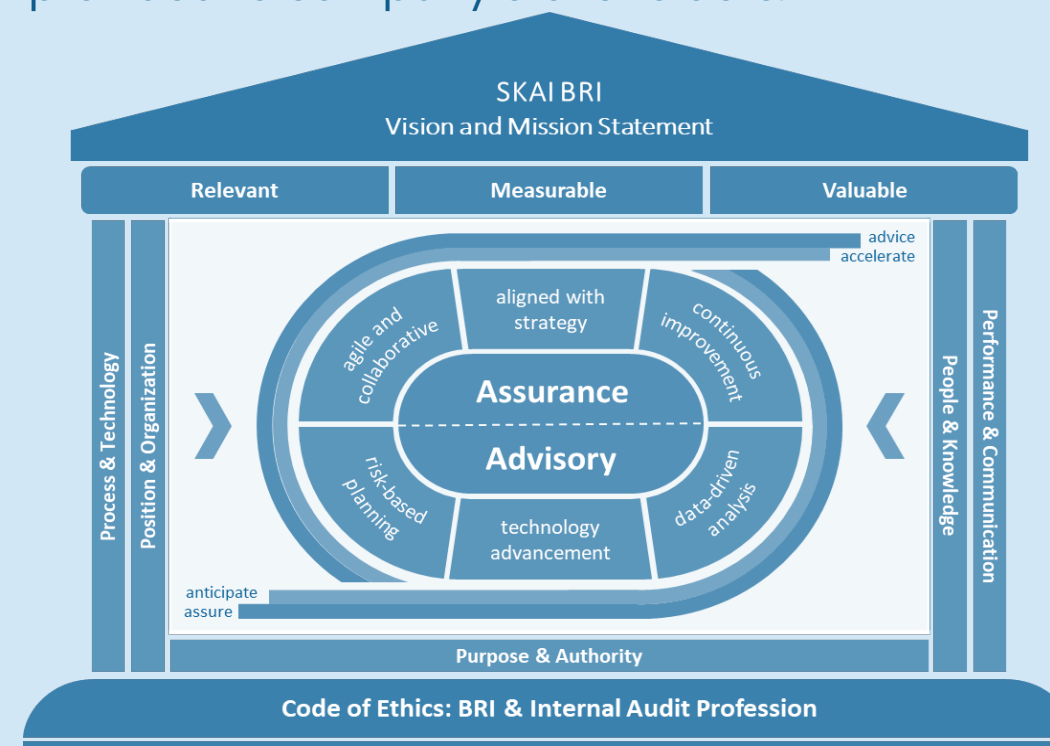
Dashboard Profiling Tenaga Pemasar



Adopting New Ways of Working

IAU has developed a new audit framework.

By having a comprehensive framework as a reference for managing IA activities, it is hoped that it will increase the added value of services provided to company stakeholders.



Reconcile IA plan with the known and emerging megatrends to identify anything that might not be addressed and discuss with the Audit Committee, stakeholders, and second line.



Evolving IA's Skills & Capabilities



BRILian Specialist Development Program

BRILian Leadership Development Program

Internship

One Hour With You

Cross Border

Professional Certification

Secondment

Guest Auditor

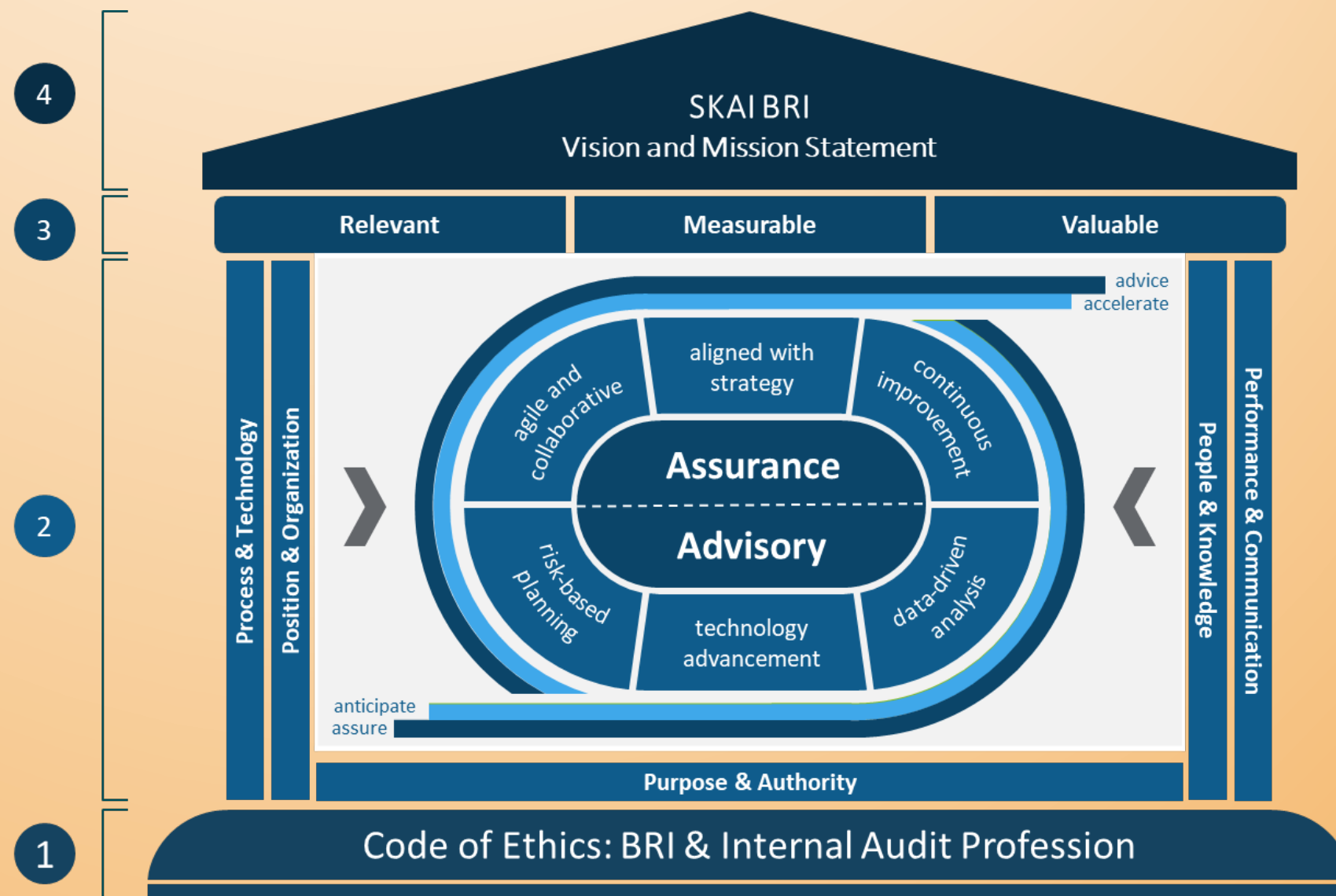
Audit Data Clinic

Bootcamp

IAU Framework

The management of Internal Audit activities requires a conceptual framework as a strategic guide that covers the initial foundation to the objectives to be achieved while still paying attention to aspects of business strategy, risk, and compliance.

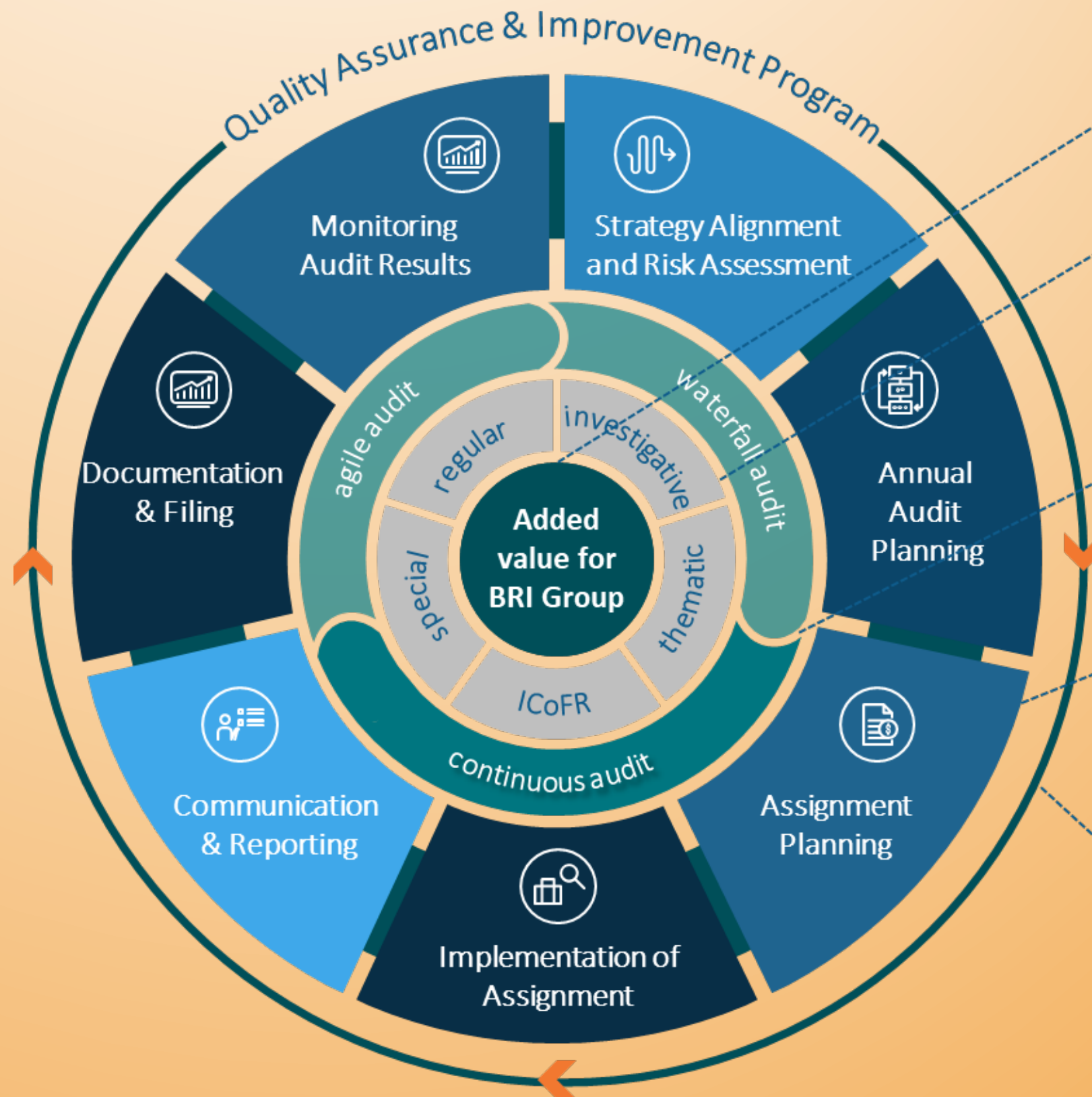
Therefore, this framework describes the main elements needed to implement audits and consultancies that have an impact on the company



- Foundation of IAU:** value system that becomes a common reference in the management of BRI IAU, refers to the BRI Employee Code of Ethics and the Internal Audit Professional Code of Ethics in accordance with the International Professional Practice Framework (IPPF) standards which are also adopted in the BRI Internal Audit Charter.
- Core Activities:** includes Key Activities, Key Principles, and Enablers, which basically explain activities, principles and enablers in managing Internal Audit activities at BRI IAU.
- Output Commitment:** IAU's commitment in providing output from assurance and advisory activities.
- SKAI Objective:** direct/indirect contribution of the series of Internal Audit activities to the strategic achievement of the bank's objectives. BRI IAU Vision & Mission statement as stated in the BRI Internal Audit Charter.

With a comprehensive framework as a reference for managing Internal Audit activities, it is expected to **increase the added value of services provided** to company stakeholders, both internal and external.

Assurance Framework



It is a **commitment from BRI IAU** in carrying out assurance activities in general, in accordance with the definition and objectives of Internal Audit in the BRI IAU Audit Charter and by IIA in the International Professional Practices Framework (IPPF)

Types of BRI IAU assurance activities based on Internal Audit Implementation Guidelines, i.e.:

- Regular Audit
- Special Audit
- Investigative Audit
- Thematic Audit
- ICoFR Audit

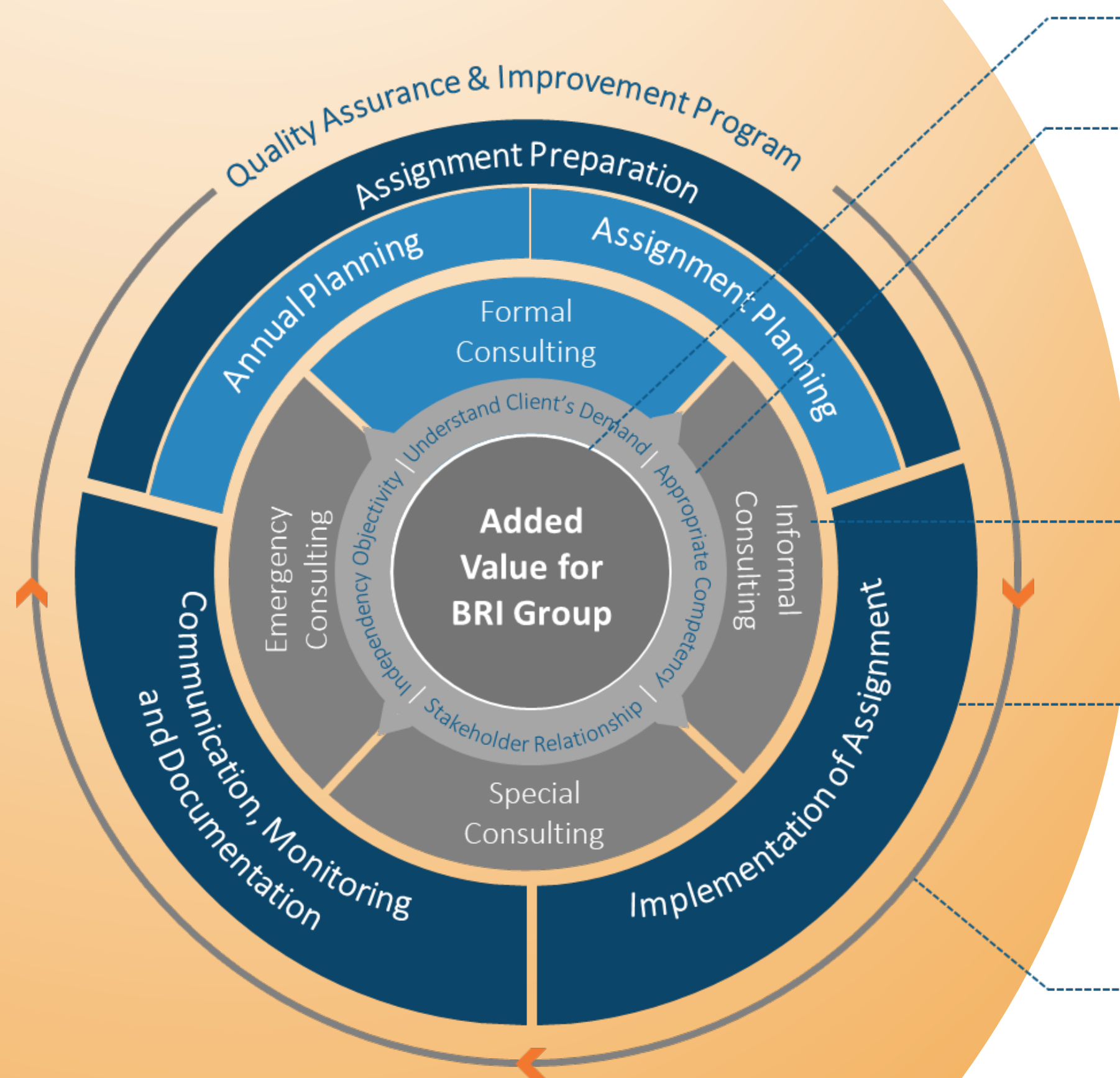
Demonstrate the commitment of BRI IAU to continuously improve the audit process and methodology. BRI IAU explores and **adopts agile methodologies** in the audit process, while still **optimizing the waterfall approach** and developing continuous audits in providing added value to the company.

The general stages of the implementation of BRI IAU audit activities are based on the Audit Implementation Guidelines, i.e.:

- Strategy Alignment and Risk Assessment (part of improvement opportunities)
- Annual Audit Planning
- Assignment Planning
- Assignment Implementation
- Communication and Reporting
- Documentation and Filing
- Monitoring of Audit Results

Evaluation of the conformity of Internal Audit activities to standards and evaluation of the implementation of the Auditor Code of Ethics, including internal assessment and external assessment, to assess the efficiency and effectiveness of internal audit activities and identify opportunities for improvement.

Advisory Framework



Commitment from BRI IAU in carrying out consulting activities in general, in accordance with the definition and objectives of Internal Audit in the BRI IAU Audit Charter and by IIA in the International Professional Practices Framework (IPPF)

Components that support the overall implementation of consultation, where the three components are expected to exist and underlie the consultation process so that IAU can provide consultation results that meet client expectations and better added value:

- **Understand Client's demand**
IAU must understand the needs and interpret the expected results to answer those needs
- **Stakeholder relationship**
IAU must always maintain collaboration with stakeholders through sustainable stakeholder relationships
- **Appropriate competency**
IAU must continue to develop appropriate competencies to be able to provide the best recommendations for clients

Types of BRI IAU's consulting assignments based on Internal Audit Implementation Guidelines

- Formal
- Informal
- Emergency
- Special

General stages of consultation implementation (Assignment Preparation; Implementation of Assignments; and Communication and Documentation) tailored to each assignment type.

- Formal consulting consists of 4 main stages: Annual planning; assignment planning; implementation of assignments; and communication, monitoring, and documentation of assignments
- Informal, emergency, and special consulting consists of 3 main stages: assignment planning, assignment implementation; and communication & documentation

Evaluation of the conformity of Internal Audit activities to standards and evaluation of the implementation of the Auditor Code of Ethics, including internal assessment and external assessment, to assess the efficiency and effectiveness of internal audit activities and identify opportunities for improvement.

>> Creating a new value proposition for Internal Audit...

IA continues to carry out **assurance** tasks and simultaneously carry out **consultancy** and **anticipation** activities to **create and protect organizational value**, as well as **accelerate** management learning and actions



Assure

Risk-based audits on financial, IT, operational, compliance, internal control & organizational risk

1. Regular Audit
2. Thematic Audit
3. Special Audit
4. Investigative Audit
5. ICOFR Audit

1. Subsidiary Audit
2. Overseas Audit
3. Surprise Audit
4. Functional Review
5. etc.



Advise

Provide consultancy to add value & improve organizational governance, risk management & internal control



Formal Consulting

Consultancy in which the auditor and the client have agreed on the objectives, scope, reports, and responsibilities



Informal Consulting

Consultancy that informally provides during routine activities, such as Strategic Business Partner Forum, etc



Special Consulting

Participate in special teams (e.g. PEN task force team, satellite team, acquisition team, etc.)



Emergency Consulting

Participate in emergency teams (i.g operating system recovery or maintenance teams after major incident, etc.)



Anticipate

Anticipate & align efforts with risks, strategies and objectives as well as provide insight and focus on the future.



GRC Forum

IAU participation in the Governance, Risk & Compliance Forum to ensure the achievement of business targets with controlled risks and compliance with regulations



Product Committee

IAU participation in the Product Committee by providing insight based on data and audit results while maintaining independence.



Continuous Monitoring & Offsite Monitoring

IAU develops predictive anomaly data indicators to be submitted to the 1st & 2nd line for improvement.



Accelerate

Accelerate organizational learning and management actions to maintain sustainable company growth



Policy feedback

IAU provides feedback on a policy to identify the adequacy of process design and internal control.



Sharing Session

sharing sessions, training and socialization of the latest business processes and risks.



IAU's Initiative Program

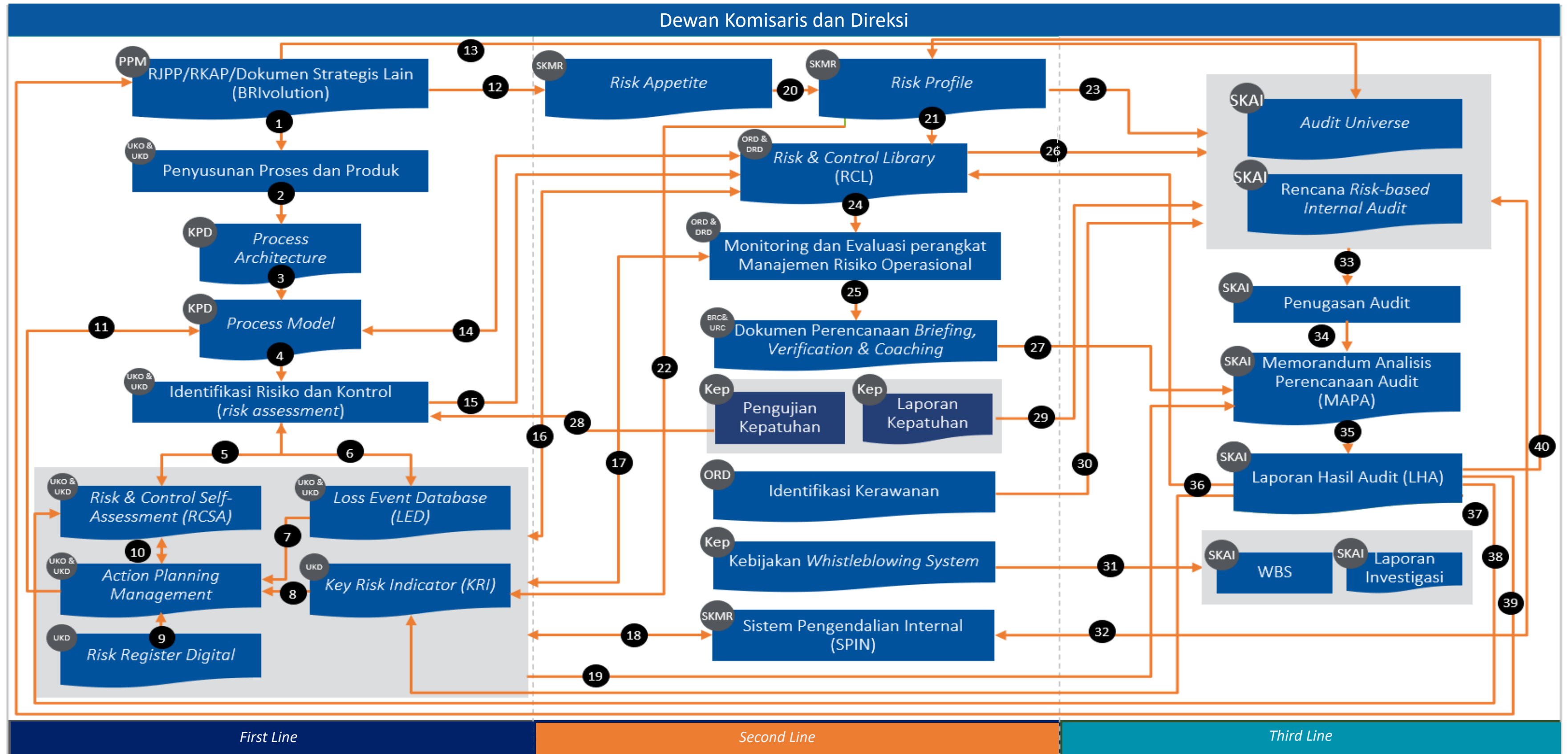
Encouraging the implementation of ICoFR, strengthening the Three Line Model and the Fraud Risk Indicator Framework.



Review of the Company's Strategic Initiative

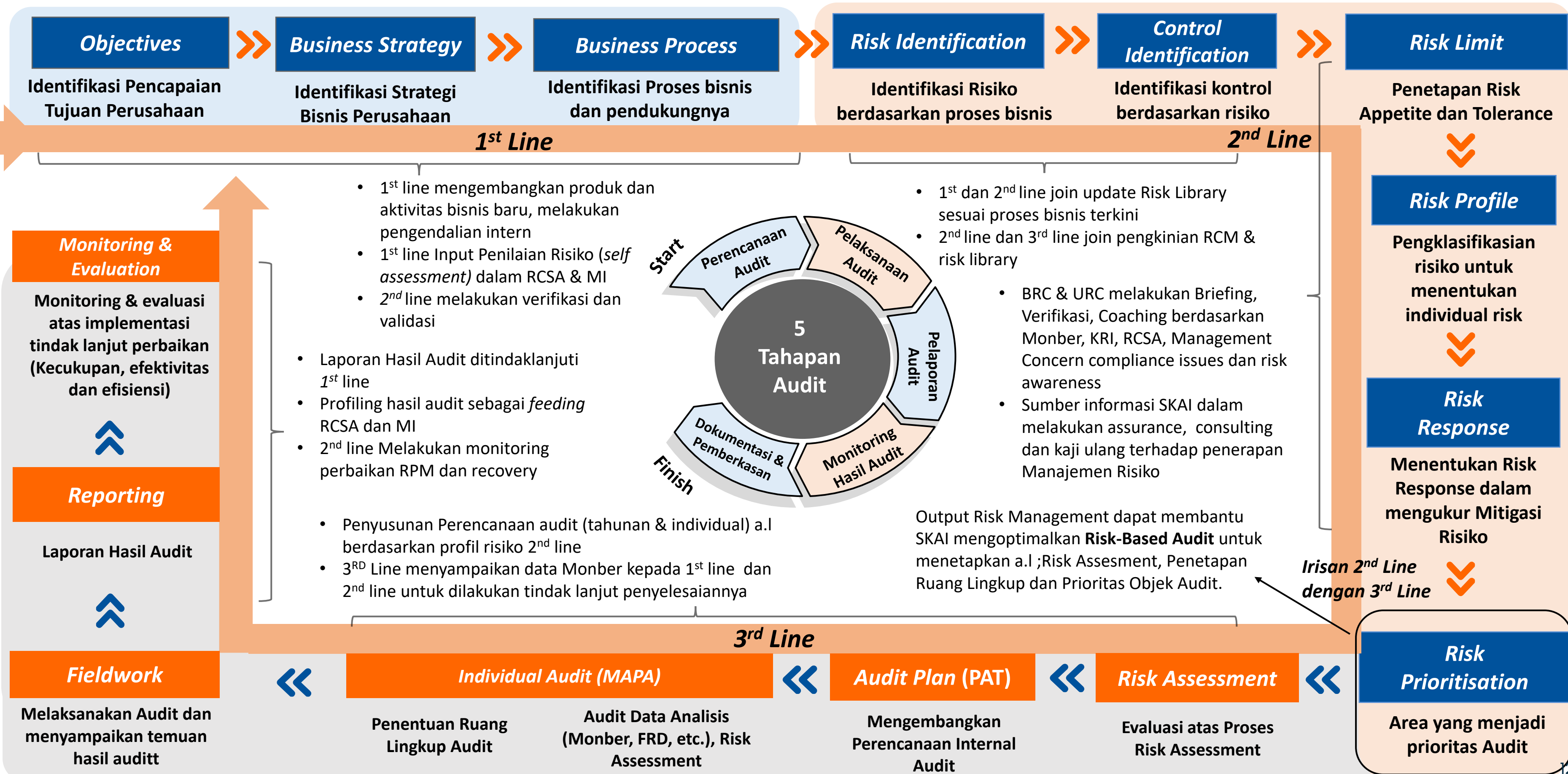
>> Governance of Internal Control Activities at BRI

Satuan Kerja Audit Internal (SKAI) plays a role in providing independent and objective assurance and advisory regarding the adequacy and effectiveness of governance, risk management and internal control.



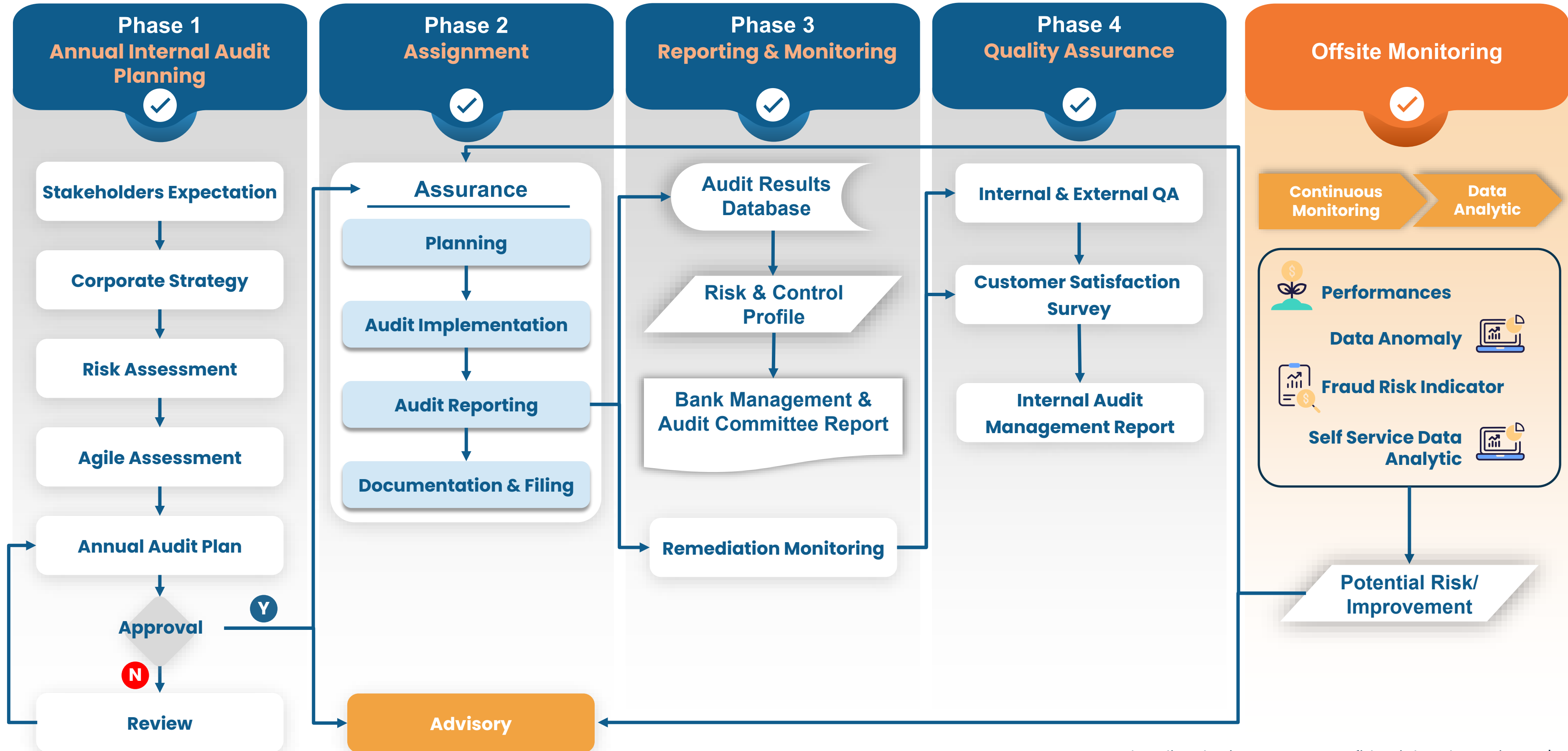
>> Risk Based Process - BRI

There needs to be integration between assurance providers in ensuring internal control



>> Risk Based Internal Audit Methodology

RBA is a proactive approach that **aligns internal audit activities with an organization's risk profile...**





Thank You

Internal Audit Sub Directorate
PT. Bank Rakyat Indonesia (Persero), Tbk.

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