

**PT APEXINDO PRATAMA DUTA Tbk
INTERNAL AUDIT CHARTER**

Internal Audit Vision, Mission and Goal

- **Vision**
Strategic partner of management
- **Mission**
Adding value through business risk assurance
- **Goal**
Assist management in achieving corporate objectives

Background

Internal Audit is an independent, objective assurance and consulting function established within PT Apexindo Pratama Duta Tbk. to add value and improve its operations including its subsidiaries.

Internal Audit assists PT APD and its subsidiaries management to accomplish their objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process. Internal Audit is not an extension of, or substitutes for, executive management. Responsibility for operational control rests fully with operational management who must ensure that appropriate and adequate control managements exist.

Role

Internal Audit role is to provide assurance to the Audit Committee and Board of Director that business risk are identified and managed through effective and efficient systems of internal control. And also to support business unit managers in assessing, controlling and monitoring their business risks.

Business risks being event, actions, ineffective business controls or missed opportunities which could impact PT APD ability to meet its objectives and achieve its strategic goals.

Scope of Activities

Internal Audit evaluates and contributes to the improvements of risk management, control and governance systems:

- **Risk Management**

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- a. Monitor and evaluates the effectiveness of the organization's risk management system
- b. Evaluates risk exposures relating to the organization governance, operations, and information systems and the effective strategies to control them.

- **Control**

- a. Evaluates the adequacy and effectiveness of controls encompassing the organization's governance, operations, and information systems. This should includes:
 - 1. Reliability and integrity of financial and operational information
 - 2. Effectiveness and efficient and effective use of resources
 - 3. Economical, efficient and effective use of resources
 - 4. Safeguarding of company's assets,
 - 5. Compliance with laws, regulation, ethical and business norms and contracts.
- b. Ascertains the extents to which organization's goals and objectives have been established
- c. Reviews operations and programs to ascertain the extent to which result are consistent with established goals and objectives
- d. Ascertains the extent to which management has established adequate criteria to determine whether goals and objectives have been accomplish

- **Governance Systems**

- a. Contributes to the organization's governance process by evaluating and improving the process through which;
 - 1. values and goals are established and communicated
 - 2. the accomplishment of goals is monitored
 - 3. accountability is ensured, and
 - 4. values are preserved.
- b. Reviews operations and programs to ensure consistency which organizational values.

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In addition, internal audit should also undertake special reviews and investigations as requested by the Audit Committee and Board of Director.

Independence and Authority

Internal Audit is independent of the system and activities it reviews. Internal Audit has no responsibility for operational functions within business units and no direct responsibility for, nor authority over any of the activities subject to internal audit review. Internal Audit shall not design and install procedures, prepare records, or engage in any other activity that it would normally review and appraise and that could reasonably be construed to compromise its independence and objectivity.

Internal Audit derives its authority from the Audit Committee who enables them to unrestricted access to all records, system, documents, property and staff as required in the performance of its work.

Responsibility

Internal auditor is responsible for the operation of the Internal Audit function and will report to Audit Committee functionally and to the CEO organizationally. He or She is responsible for developing people, methodology, technology and knowledge of Internal Audit function. He or She will prepare plans to meet the Internal Audit needs of PT APD based upon recurring assurance requirements and a business risk assessment undertaken with Executive and Operational Management.

The Audit Committee should regularly review and approve the annual audit plan and the scope of audit work. The audit committee should also review and approve and necessary changes to the agreed plan. Annual audit plans quarterly progress reports, including summaries of key findings, recommendations and progress on implementation will be submitted to the President Director and the Audit Committee. Assignment reports will be discussed with appropriate levels of Board of Director. Board of Director will be charges with a duty to ensure that Internal Audit recommendations are implemented to the agreed time scale.

Fraud

The prevention, detection and investigation of internal fraud are the responsibility of management. In conducting audit assignments, internal Auditor will be alert to opportunities, such as control weaknesses, that could allow fraud. Where fraud is suspected the appropriate authorities within the group will be informed.

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Internal Audit will undertake the investigation of a reported or suspected fraud at the request of Executive management. Related Management will be responsible for action any findings and determining whether controls need to be implemented or strengthened to reduce future vulnerability.

Quality Assurance

Internal Audit should establish and maintain a quality assurance program to evaluate the operations of the Internal Audit Function.

- Supervision of the work of Internal Audit should be carried out to assure conformance with Internal Audit standards, policies and audit strategies.
- Internal Audit staff should perform periodically internal reviews to appraise the quality of the audit work performed. These reviews should be performed in the same manner as any other internal audit.
- External reviews of the Internal Auditing function should be performed to appraise the quality of the function's operations and assure conformance with the **Standard for the Professional Practice on Internal Auditing** as issued by The Institute of Internal Auditors. These reviews should be performed by qualified persons who are independent of the group and who do not have either a real or apparent conflict interest. Such reviews should be conducted at least once every three years. On completion of the review, a formal, written report should be issued. The report should express an opinion as to the function's compliance with the Standard for the Professional Practice of Internal Auditing and, as appropriate should include recommendations for improvement.

Reporting Accountabilities

Internal Auditor following the conclusion of each audit will prepare and issue written report and distribute as appropriate. A copy of the full report will be forwarded to the Audit Committee and the President Director.

The manager of the activity or department receiving the internal audit report will respond within 14 days and forward a copy to those included on the distribution list. This response will indicate what actions were taken in regard to the specific ineffective controls and recommendations in the internal audit report. If appropriate, a timetable for the anticipated completion of these actions will be included.

Living PT. APD Values

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Internal Audit Value	Internal Audit Response
<ul style="list-style-type: none"> • We place value on professionalism, entrepreneurship, integrity and partnership • We empower our people in pursuing their careers and dreams • We care about our society, our community and our environment 	<ul style="list-style-type: none"> • Determine the company code of conducts are properly followed by the employees • Protect the interest of stakeholders • Ensure business processes and internal controls support the ability of the organization to fulfill stakeholder needs and corporate objectives • Promotion of best business practices and good corporate governance • Recognized by the business for continually adding value.

Jakarta, March 1, 2004
Audit Committee

1. Djoko Sutardjo _____
2. ZulfikriAboebakar _____
3. Kardinal Alamsyah Karim _____