The Institute of Internal Auditors

200,000+ MEMBERS

180 COUNTRIES

106 INSTITUTES

159 CHAPTERS

Our Mission:
To advance the profession and practice of internal auditing in Indonesia

Our Vision:
Internal audit professionals are universally recognized as indispensable to effective governance, risk management, and control

3,401
Active Member
World's IIA highest increase 49% since Jul 2018 – Jul 2019

327
CIA Holder
Or 0,0001064%
of national population

Members and Certifications

	Indonesia	Malaysia	Philippine	Thailand	Singapura	Asia Pasifik	Global
Anggota	3.401	2.854	3.139	2.249	2.450	--	200.000+
CIA	327	886	1.960	466	1.900	77.521	165.271
CRMA	88	120	106	59	209	4.353	15.834
CFSA	18	29	77	21	139	1.215	7.131
CGAP	77	6	2	2	4	721	5.638
CCSA	57	54	65	47	106	2.476	7.767
IAP	4	3	10	3	10	97	957

IIA Indonesia

STRATEGIC PLAN 2016-2021

IIA Indonesia

Mission

To advance the profession and practice of internal auditing

Vision

Internal audit professionals are universally recognized as indispensable to effective governance, risk management, and control

IIA Indonesia Strategic Objectives

- IIA-Indonesia is valued and highly regarded by its members and stakeholders

Membership

- IIA-Indonesia will nurture high-performing internal audit professionals that are indispensable resource to their organizations

Professionalism

- IIA-Indonesia will raise the profile of, and demand for, the profession
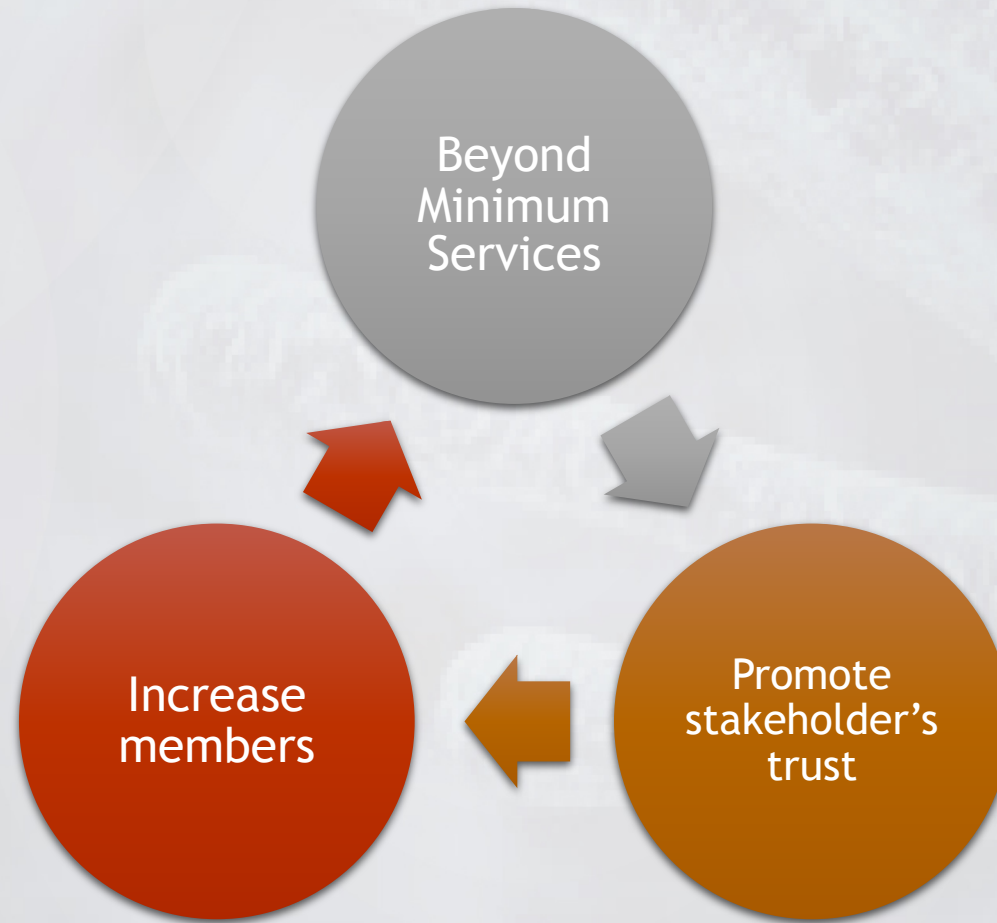
Advocacy

- IIA-Indonesia will align itself to a revised global operating model governed by IIA-Global

Governance

- IIA-Indonesia will build a team of professional staff and volunteers to achieve its mission

People

MEMBERSHIP

Minimum Services

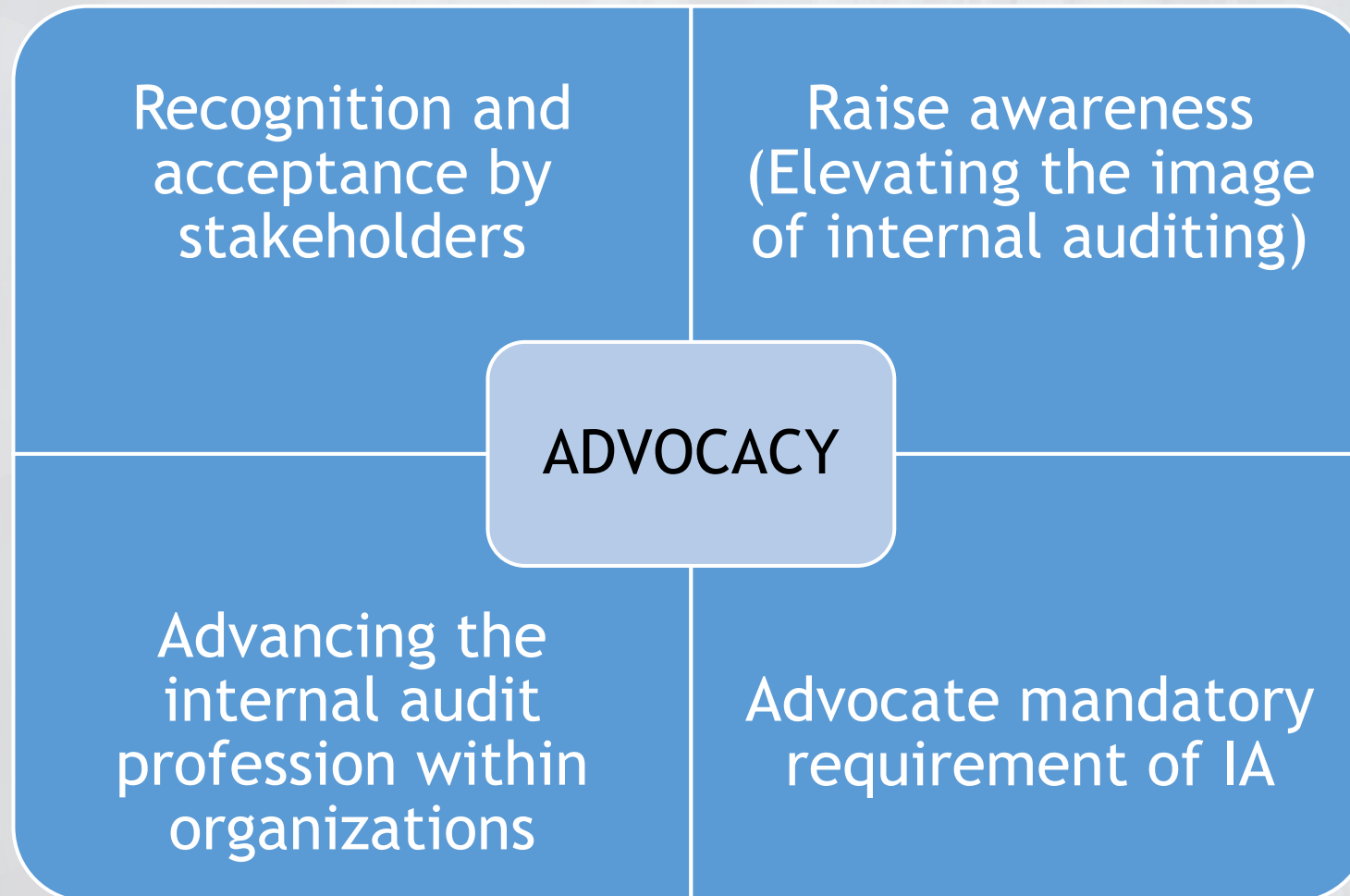| Free access to IPPF's Mandatory Guidance in the local language	Access to certification preparation courses	Access to a number of CPE hours annually
Access to at least one local networking event annually	Access to internal audit-related publications	Access to an Institute webpage that is maintained and current with basic information

Recognition and acceptance by stakeholders

Raise awareness (Elevating the image of internal auditing)

ADVOCACY

Advancing the internal audit profession within organizations

Advocate mandatory requirement of IA

Review 3LoD - 2019

1992
COSO ICIF

2004
COSO ERM
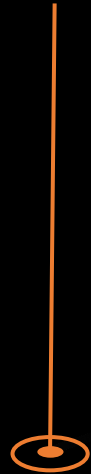
2013
COSO 2013
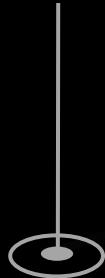
2017
COSO ERM 2017
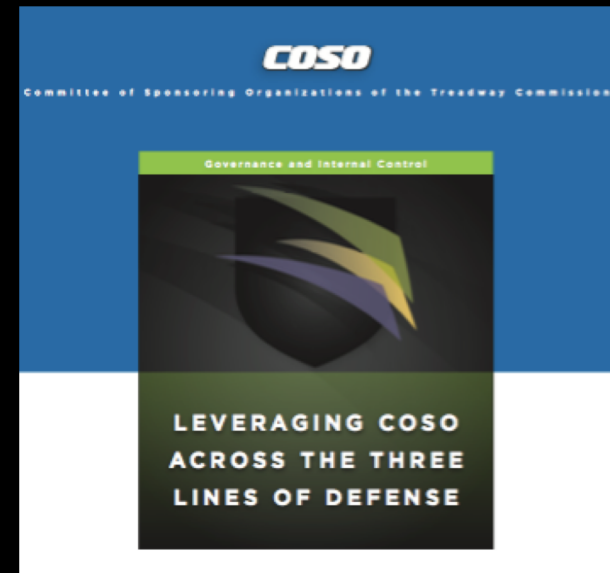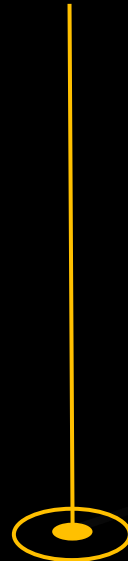
"The sponsoring organizations should cooperate in developing additional, integrated guidance on internal control" (The Treadway Commission Report p. 48)

3LoD Model

Governing Body / Board / Audit Committee

Senior Management

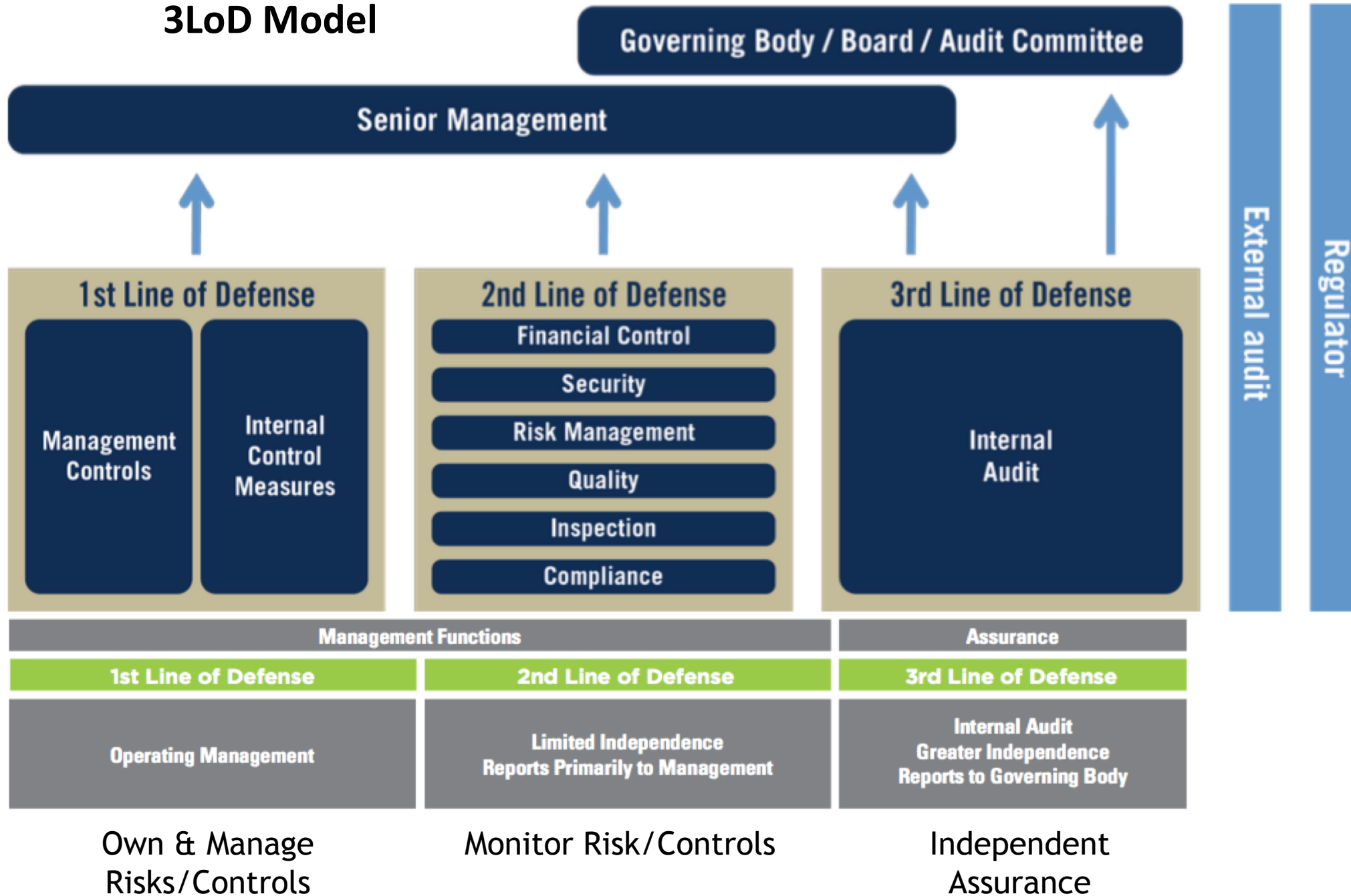| 1st Line of Defense	2nd Line of Defense	3rd Line of Defense	External audit	Regulator
Management Controls / **Internal Control Measures**	Financial Control Security Risk Management Quality Inspection Compliance	**Internal Audit**		

Management Functions		Assurance
1st Line of Defense	2nd Line of Defense	3rd Line of Defense
Operating Management	Limited Independence Reports Primarily to Management	Internal Audit Greater Independence Reports to Governing Body

Own & Manage Risks/Controls   Monitor Risk/Controls   Independent Assurance

Tanggungjawab Komisaris dan Direksi terhadap Lingkungan Pengendalian

Risk Assessment

6. Specifies suitable objectives
7. Identifies and analyzes risk
8. Assesses fraud risk
9. Identifies and analyzes significant change

Control Activities

10. Selects and develops control activities
11. Selects and develops general controls over IT
12. Deploys through policies and procedures

Information & Communication

13. Uses relevant information
14. Communicates internally
15. Communicates externally

Monitoring Activities

16. Conducts ongoing and/or separate evaluations
17. Evaluates and communicates deficiencies

1st Line of Defense

Management Controls	Internal Control Measures

Manajemen Operational

Memiliki dan Mengelola Risiko dan Pengendalian (Risks & Control Owners)
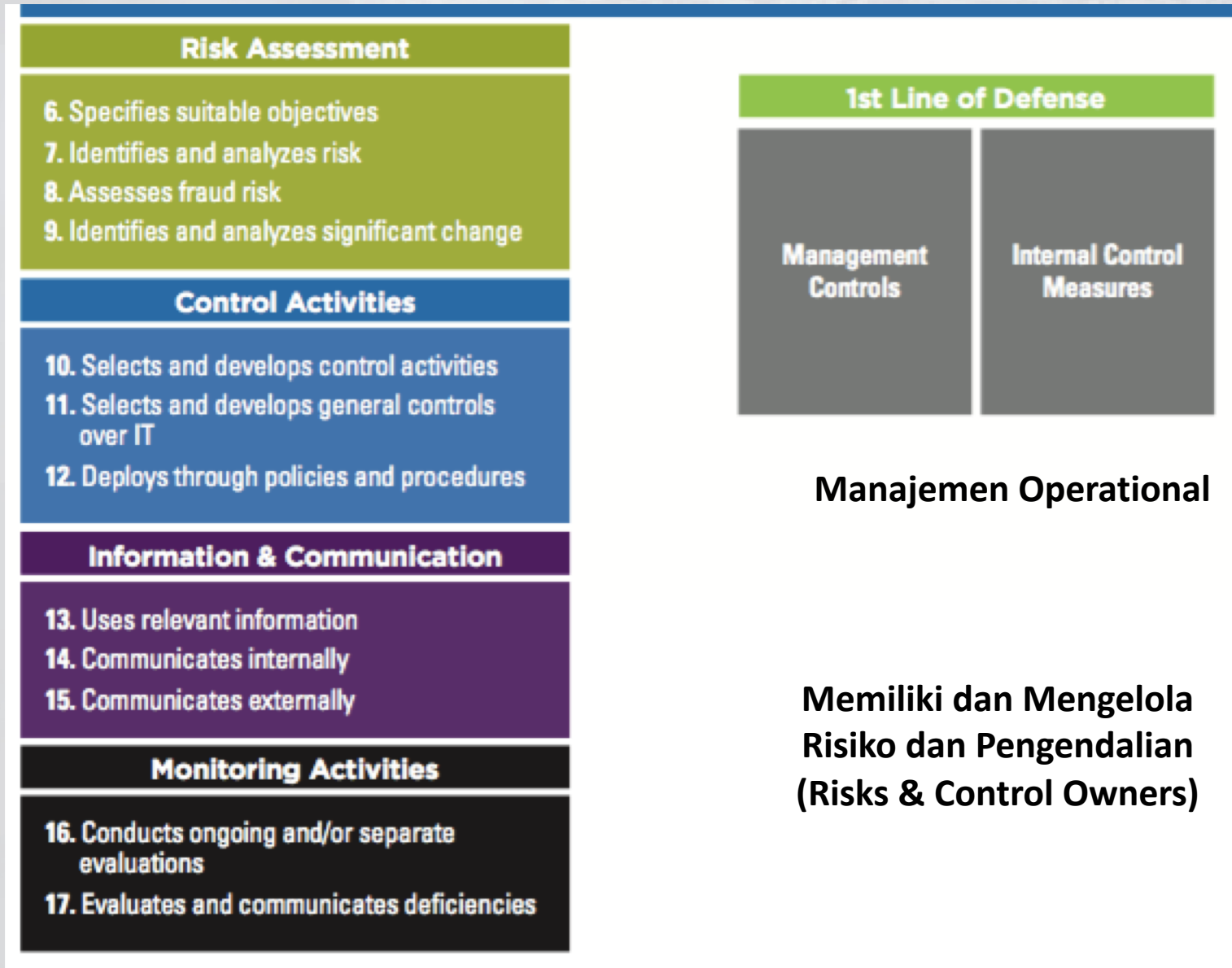
Figure 5. COSO and the 2nd Line of Defense
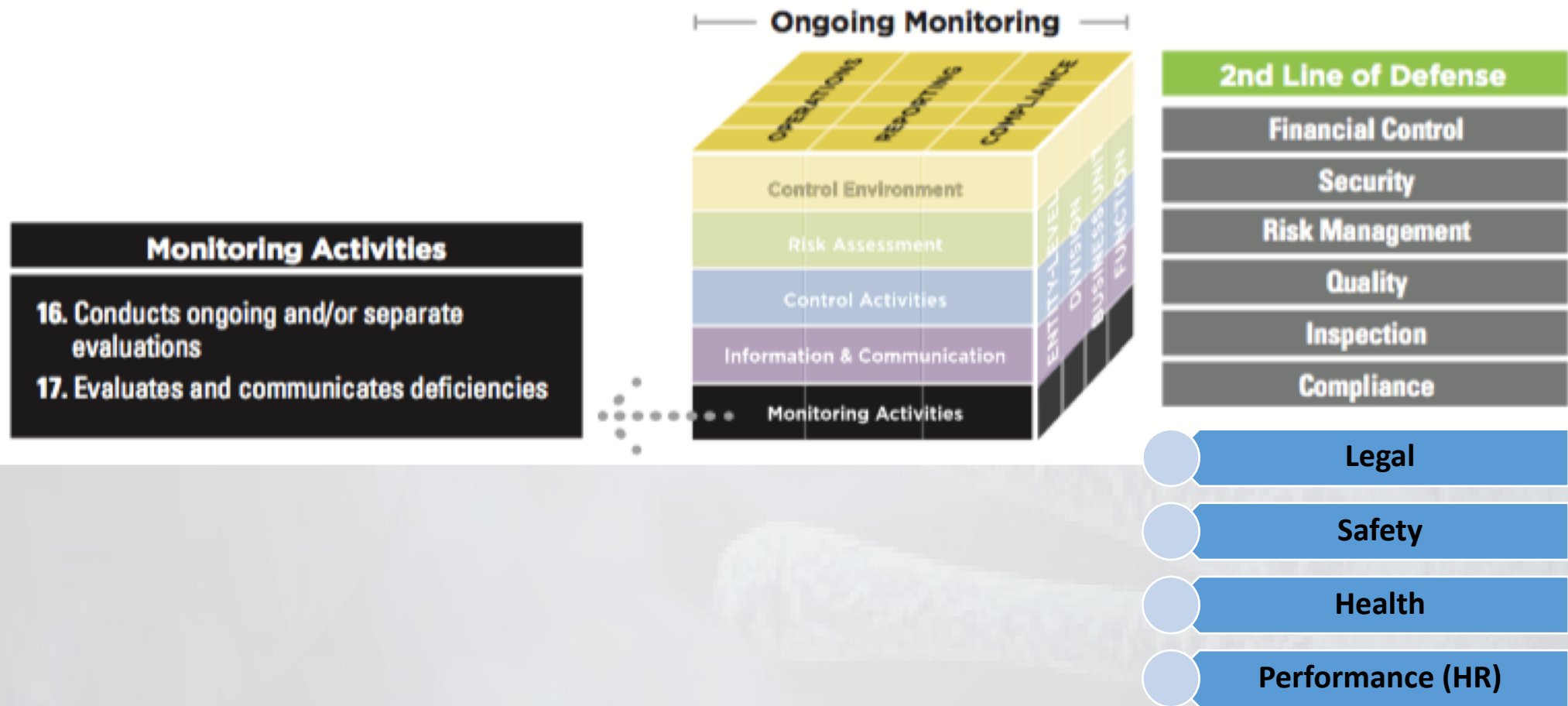
Memonitor Risiko dan Pengendalian
untuk mendukung manajemen

Figure 6. COSO and the 3rd Line of Defense
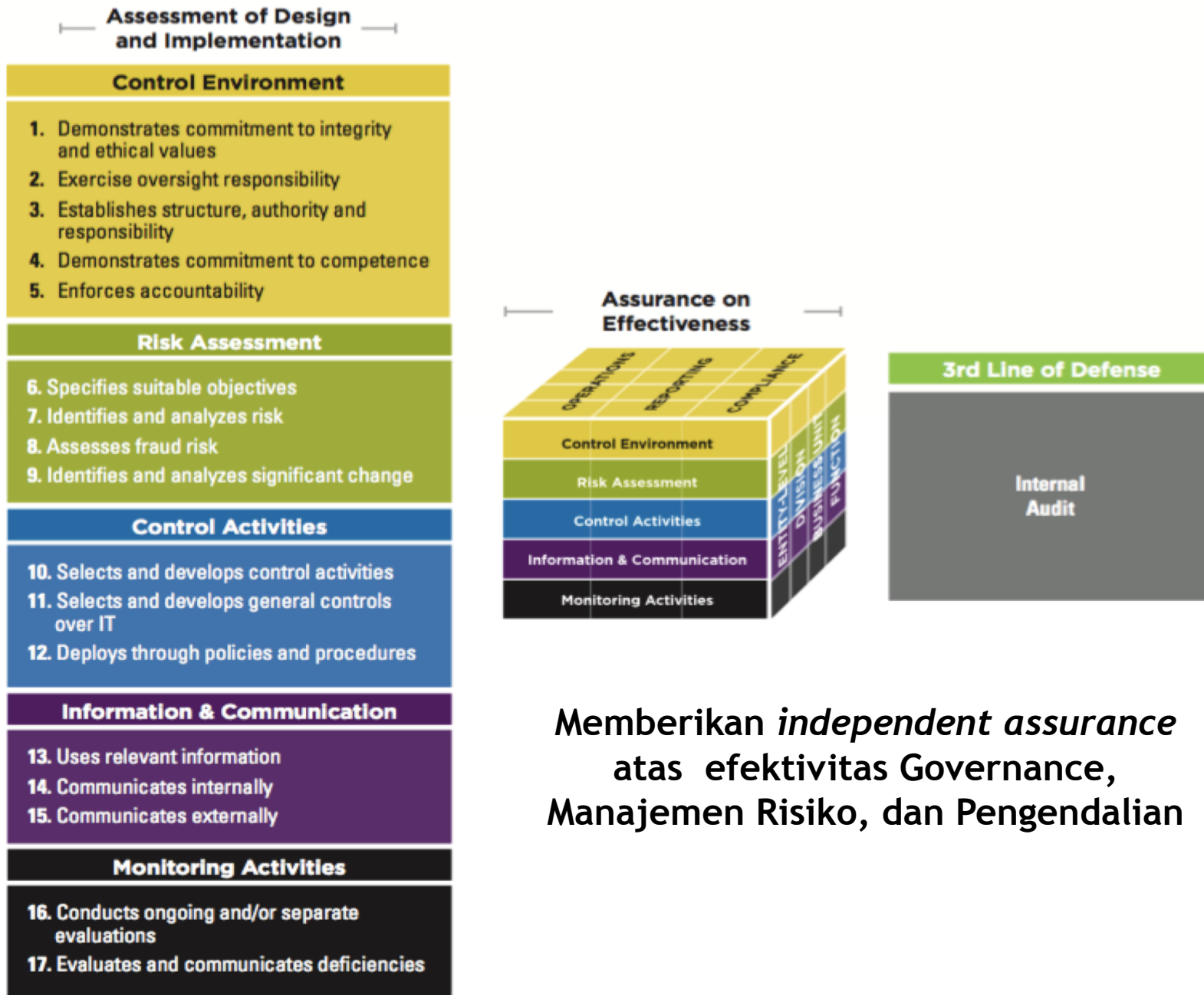
COSO dan Third Line of Defense

Memberikan *independent assurance* atas efektivitas Governance, Manajemen Risiko, dan Pengendalian

3LoD Model

Governing Body / Board / Audit Committee

Senior Management

1st Line of Defense	2nd Line of Defense	3rd Line of Defense	External audit	Regulator
Management Controls / **Internal Control Measures**	Financial Control / Security / Risk Management / Quality / Inspection / Compliance	**Internal Audit**		

Management Functions		Assurance
1st Line of Defense	**2nd Line of Defense**	**3rd Line of Defense**
Operating Management	**Limited Independence Reports Primarily to Management**	**Internal Audit Greater Independence Reports to Governing Body**

Own & Manage Risks/Controls | Monitor Risk/Controls | Independent Assurance

Review 2019 - 3LoD model

Terlalu fokus pada defense	Silo	Membatasi Peran Internal Audit	Statis, tidak flexible

- Mengabaikan *value ceation; t*idak proaktif (tidak melihat preparedness)
- Pandangan lama, fungsi 'rem'
- Hanya menjaga supaya tidak 'jatuh'
  ➔ perlu langkah menuju sukses

Koordinasi dan komunikasi terbatas
Mengabaikan *blurring of the line*
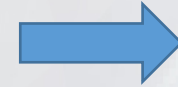Duplikasi - inefficient

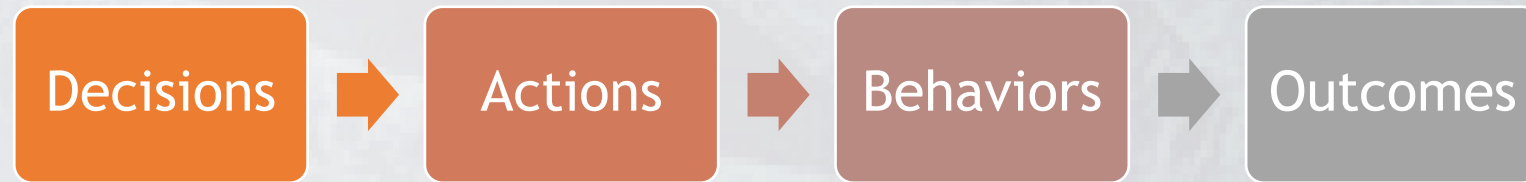Membatasi peran internal auditor sebagai trusted advisor dan strategic partner

Tidak mencerminkan realitas saat ini Tidak dinamis, sebagaimana kompleksitas organisasi modern

Value Creation dalam Organisasi

STAKEHOLDERS

Komisaris, Direksi, Manajemen, dan Staffs

Decisions → Actions → Behaviors → Outcomes

Sukses:
- **Efficient dan effective**
- **Sustainable**
- **Ethical**

Sumber Opportunities dan Threats

self interests
sumberdaya terbatas
kompetisi
disruptions

kompleksitas
agency problems
kapasitas terbatas

Komisaris, Direksi, Manajemen, dan Staffs

Decisions → Actions → Behaviors → Outcomes

perubahan terus menerus
multi stakeholders
ketidakpastian
bias
kompetensi terbatas

Enablers of Organizational Success

Governance Measures

Ethical culture

Stewardship of resources

Effective leadership

Performance indicators

Delegation of resources

Ethical leadership

Komisaris, Direksi, Manajemen, dan Staffs

Specialization

Goal setting

Prioritization

| Decisions | → | Actions | → | Behaviors | → | Outcomes |

Direction

Independent advice

Expert challenge

Division of labor

Independent evaluation

Segregation of responsibilities

Processes to deal with uncertainties

Independent assurance

Segregation of responsibilities

Monitoring and reporting

Processes to deal with change

Policy setting and testing

Stakeholder engagement

Independent advice

Enabler of organizational success and value creation

Governing Body

Leadership & Oversight

Internal Audit

Objective assurance and advice

Strategy Execution

Executive Management

Support, guidance, and control

Risk, quality, control, and compliance functions

Enabler of organizational success and value creation

Governing Body

Leadership & Oversight

Internal Audit

Objective assurance and advice

Strategy Execution

Executive Management

Support, guidance, and control

Risk, quality, control, and compliance functions

- Regular communication
- Strategy aligned
- Common understanding
- Common vocabulary
- Common rating/measures
- Leverage data/technology
- Blurring of the lines (w/ safeguard)
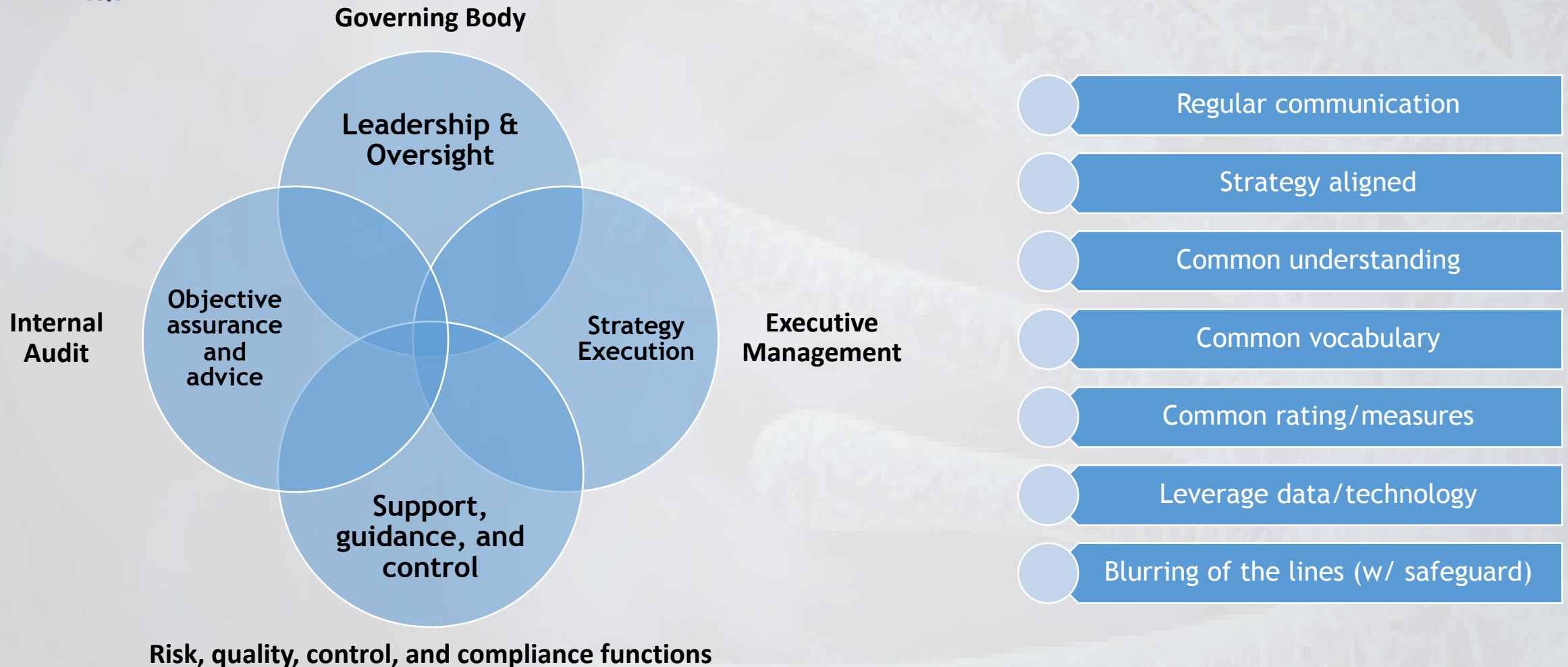
Enabler of organizational success and value creation

Satu gambar atas efektivitas governance dan risks management

Flexible – adaptable

Safeguard u/ non-assurance

- Charter
- Pedoman Internal Audit
- *no* management responsibilities
- Konsul Komite Audit
- Time limit
- Cooling off
- Substitute auditors

Leadership & Oversight

Objective assurance and advice

Strategy Execution

Support, guidance, and control

GRC - Disruption challenges

Demand for increased performance	Demand for increased visibility	Growing, conflicting, overlapping regulations
Change in value creation & valuation	Increasing the pace of changes	Finding the 'true north' - turbulence forces
Strategic risk - game changers	Connected - disintermediation	Digitalization, AI, big data, robotics, IoT

Respons kita terhadap tantangan ini ➜ membuat berbagai program dan fungsi, tetapi *fragmented dan silo*:

- Objectives yang counter productive
- Strategi yang suboptimal
- Flows informasi tidak memadai (lack information qulaity)
- Salah keputusan: tends to add more actions and controls
- Lack of foundation of a well-run business
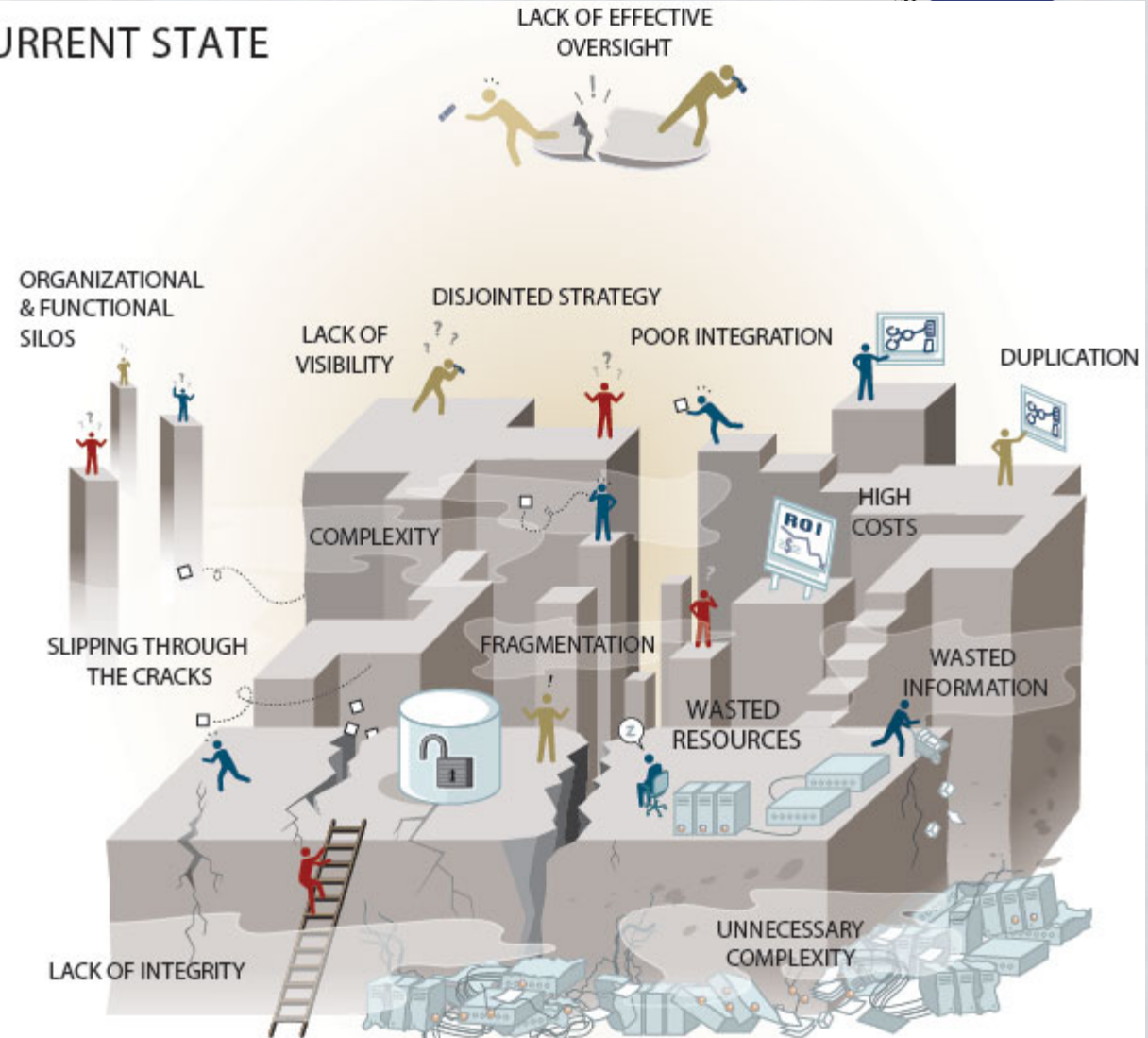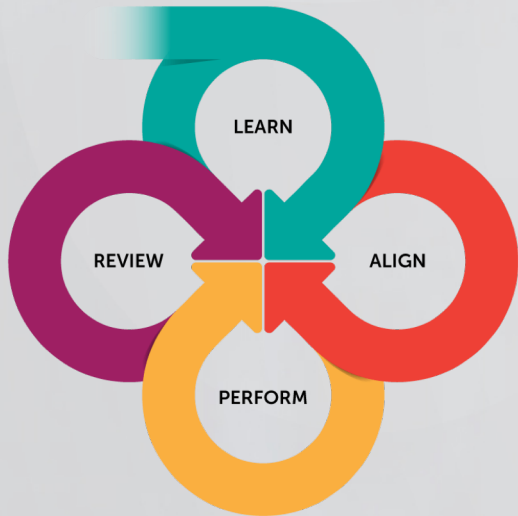
Solusinya adalah membuat pendekatan yang memastikan bahwa:

- the right people get the right information at the right times;
- the right objectives are established;
- and that the right actions and controls are put in place to address uncertainty and act with integrity.
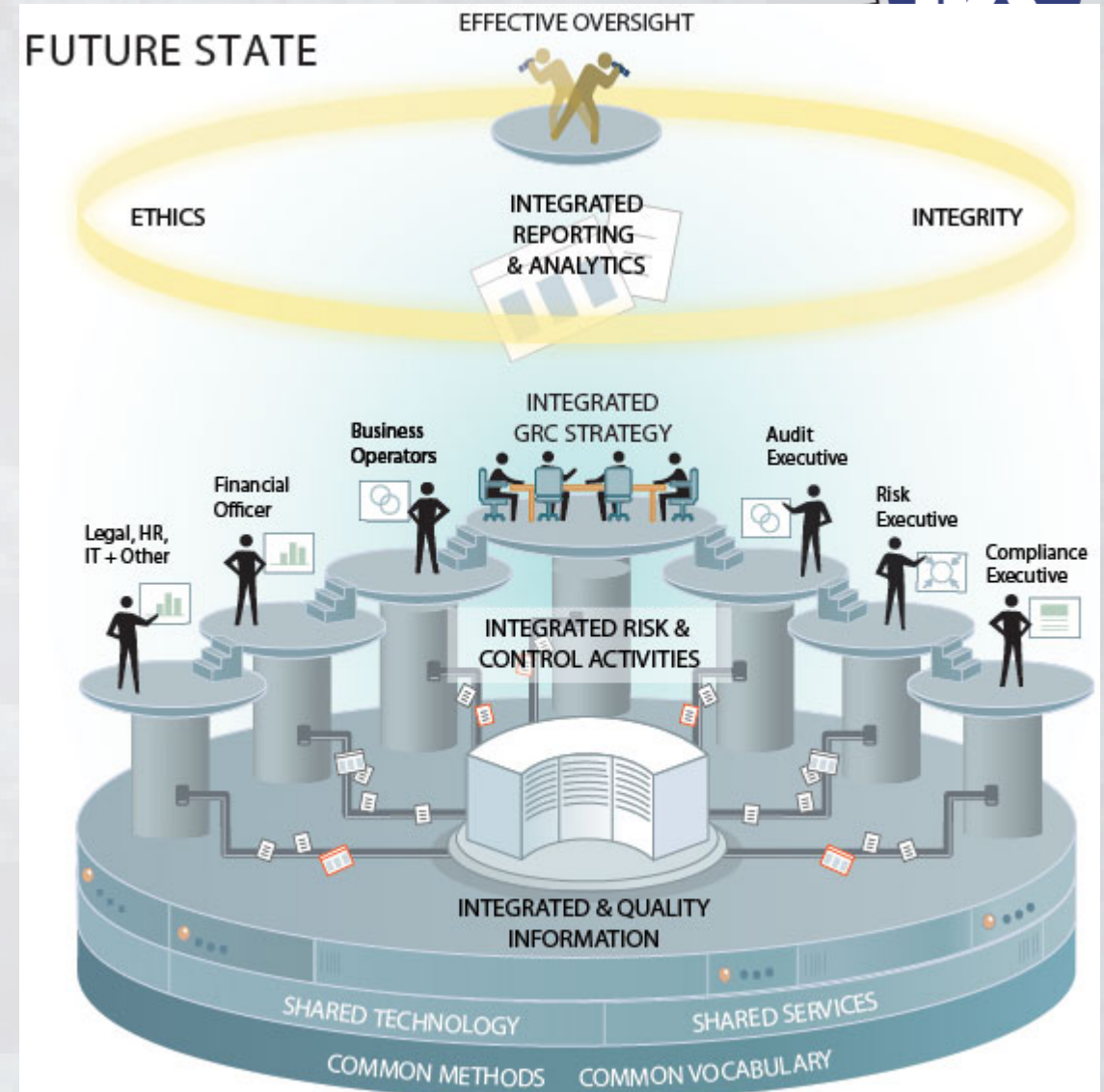
Principled Performance

reliable [4] achievement of objectives [1]
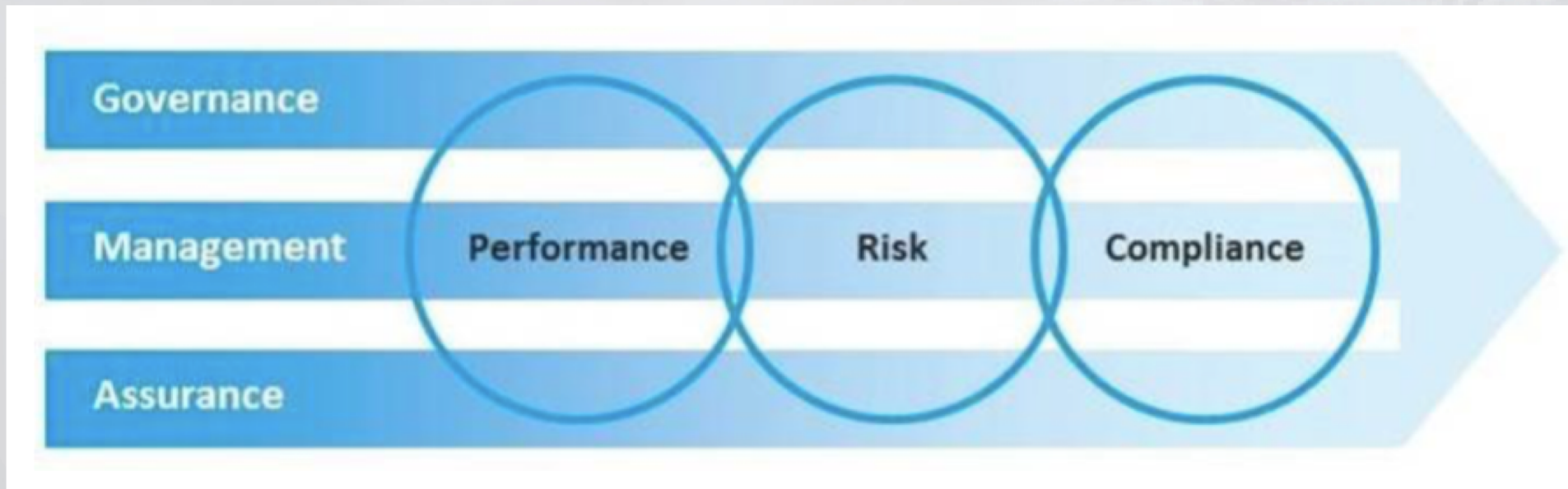while addressing uncertainty [2]
and acting with integrity [3]

GRC is the integrated collection of *capabilities* that enable an organization to *reliably achieve objectives*, *address uncertainty* and *act with integrity*

GRC Integration

Big Picture

MANDATORY BOUNDARY
boundary established by external forces including laws, government regulation and other mandates.

OPPORTUNITIES

BUSINESS MODEL

strategy, people, process, technology and infrastructure in place to drive toward objectives

OPPORTUNITIES

OPPORTUNITIES

OBSTACLES

OBJECTIVES
strategic, operational, customer, process, compliance objectives

VOLUNTARY BOUNDARY
boundary defined by management including organizational values, contractual obligations, voluntary policies and other promises.

Benang Merah

Lingkungan bisnis, disrupsi, dan risiko baru berkembang sangat cepat, dari berbagai sumber

Respon kita terhadap perubahan lingkungan tidak memadai

- Reaktif, Silo, dan terfragmentasi
- Merespon dengan menambah pengendalian
- Strategy dan objective yang tidak tepat
- Kualitas dan flows informasi yang tidak baik
- Tidak memberi fondasi untuk mengelola business yang well run

Revisi 3LoD dan GRC

- Integration, communication, culture, & technology,
- GRC adalah collection of common capabilities, not consolidation – not creating mega department
- Establish process before technology
- Seek out overlaps and build efficiencies
- Create a common language and vocabularies: skeleton, calibration
- Integration means optimal allocation of resources and achieving objectives confidently

TERIMA KASIH