

THE POWER OF BEING UNDERSTOOD

AUDIT | TAX | CONSULTING



GETTING TO KNOW US

A world leader in providing audit, tax and consulting services to ambitious and growing companies.

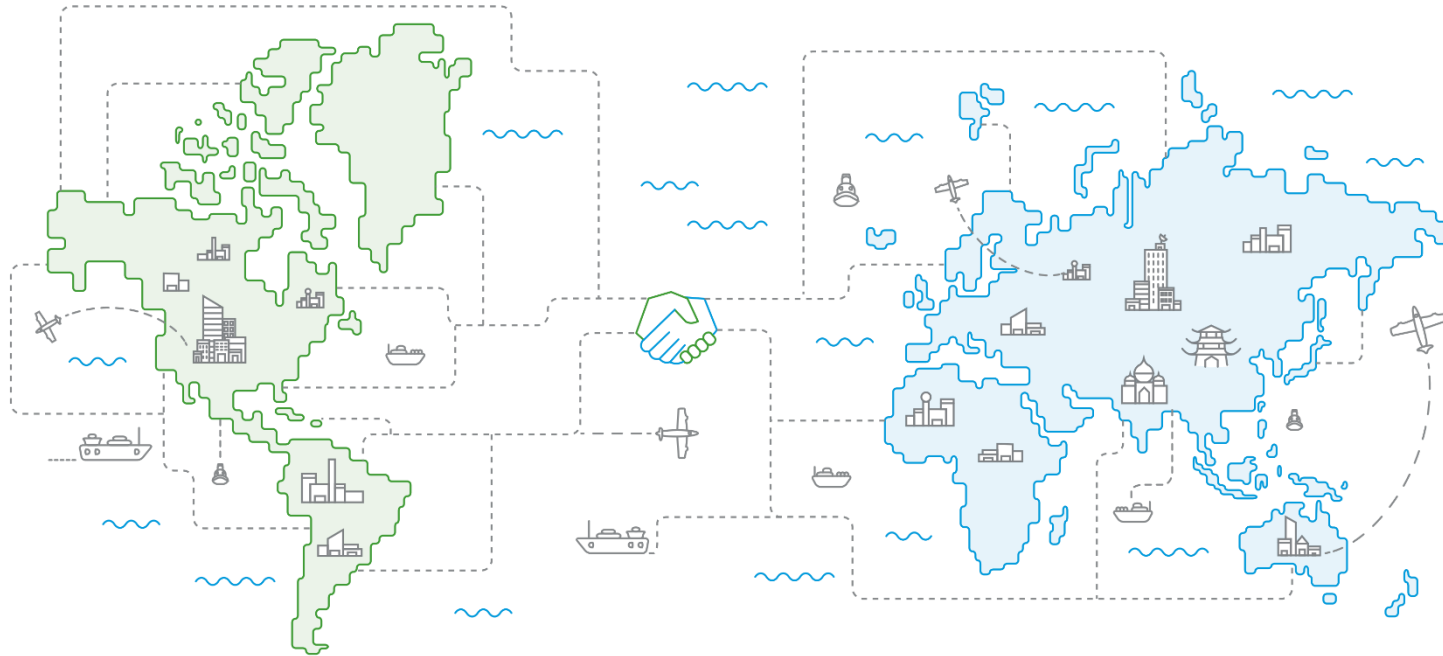
RSM member firms vary in size, structure and age, but they are united under the RSM brand and share a strong entrepreneurial spirit and a unique client-centred approach. Above all, member firms maintain the highest standards of technical excellence with a focus on providing outstanding service to clients.

GLOBAL

- 123 countries
- 51,000+ staff
- 4,000+ partners
- 860+ offices
- 58 years
- \$ 7.26 billion revenue

INDONESIA

- 700+ staff
- 40+ partners
- 2 offices
- 37 years
- #3 in number of listed entities audited
- ISO 27001 certified



Our Services in Indonesia



AUDIT

Agreed Upon Procedures | Financial Information Review | General Audit |

TAX

Business Tax | International Tax | Tax Merger & Acquisition | Transfer Pricing |

CONSULTING

Accounting Advisory | Corporate Finance & Transaction Advisory Services |
Finance & Accounting Outsourcing | Governance Risk Control Consulting Services |
Management Consulting | Technology Consulting | Other Consulting |

Our Tax & Consulting Services

BUSINESS TAX

Customs & Trade
Tax Advisory
Tax Audit & Dispute
Tax Compliance

INTERNATIONAL TAX

TAX MERGER & ACQUISITION

Tax Due Diligence
Tax Structuring

TRANSFER PRICING

ACCOUNTING ADVISORY

Complex Accounting & Financial Reporting
New Accounting Standards & Implementation

CORPORATE FINANCE & TRANSACTION ADVISORY SERVICES

Corporate Finance
Corporate Recovery & Insolvency
Restructuring
Valuation

FINANCE & ACCOUNTING OUTSOURCING

Accounting Services
Financial Outsourcing Services
Payroll
Secretarial

GOVERNANCE RISK CONTROL CONSULTING SERVICES

Anti Money Laundering
ESG Risk
Fraud Prevention and Investigation
Process, Risk & Controls
Security & Privacy Risk
Technology Risk

MANAGEMENT CONSULTING

Business Consulting
Operations & Supply Chain
People & Organization
Technology & Digital

TECHNOLOGY CONSULTING

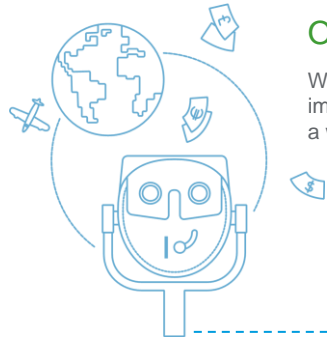
Application Development & Integration
Data Analytics
Technology Infrastructure

OTHER CONSULTING

Business Establishment & Licensing
Executive Search



Bringing you ideas and insights to help you move forward with confidence



ONE POINT OF CONTACT

When you are under pressure, quick and easy communication is of paramount importance. At RSM you have one trusted senior contact who will connect you to a well-informed team, exactly when and where you need them.



UNDERSTANDING YOUR BUSINESS

We devote a great deal of time, thought and energy to understanding you and your organization. We will immerse ourselves in your business so we know who you are, what you believe in and what motivates you. Your management team will receive high quality feedback on issues that are pertinent to your business, together with personalized reports and advice from experts in your sector.



MAXIMIZING POTENTIALS

When you work with us, you have a team of advisers who are constantly looking out for your business interests. Based on a thorough analysis of your markets, laws and customs, we will identify opportunities and challenges before they arise. We will help you analyze risk, establish the right direction of your business and maximize your potential, supporting you every step of the way.

QUICK ANSWERS

The partners of our member firms around the world know each other extremely well. This means they can personally recommend colleagues in other international offices, and draw on those close relationships to get you quick answers and fast decisions.

INTERNAL AUDIT COMPETENCY FRAMEWORK

GMB Daniel Probo

Partner – Governance Risk Control Consulting Practice

Topic

“Leveraging Internal Audit Activities Through the Internal Audit Competency Framework”



Internal Audit Competency



IIA Internal Audit Competency Framework

INTERNAL AUDIT COMPETENCY



Stakeholders' Higher Expectations on Internal Audit Function

Present & Emerging Risks

Present & Onward Challenges on Organization's Goals and Objectives Achievement

- Economic and Political Volatility
- Change in Regulatory Environment
- Environmental & Social Sustainability
- Disruptive Innovation
- Supply Chain Disruption
- Cyberthreats
- Organizational Governance, incl. IT & Data Governance
- Organizational Culture
- Talent Management
- Third-Party Management

*Higher expectations from the Stakeholders to Internal Audit Function to perform its activities in an **effective**, and **efficient** manners, and continuously to provide **value-added** for the Organization*

Challenges on Internal Audit Functions In order to Fulfill Its Mission

2022 TOP 10 CHALLENGES FOR INTERNAL AUDIT

- **Attracting Talent** With Non-Traditional Audit Skills
- **Making the Leap** to More Advanced Analytics Apps
- **Inadequate Assurance** Over Cybersecurity
- **Inadequate IT Auditing Practices**
- **Measuring the Impact** of Higher-Value from AI Activities
- **Inadequate Assurance** Over Critical Transformation Projects
- **Keeping Pace** the Expanding Risk Universe With Stagnant or Reduced IA Resources
- **Keeping Pace** With the Increasing Complexity of the Third-Party Environment in Auditing of Third Parties
- **Ineffective Investments** in Data Analytics
- Staffs are Showing of **Burnout**

Continuous improvement is needed by the Internal Audit Function for its **enhancement** (Strategy, **People**, Process & Technology) in order to **keep up** with the **expectations** and **managing** the internal audit risks

IPPF Requirement on the Internal Audit Competency

*“A **competency** is the **ability** of an individual **to perform** a job or task **properly**, being a set of defined **knowledge, skills and behavior**.”*

*“**Competent**: having the necessary **ability, knowledge, or skill** to do something **successfully**.”*

- **The Internal Audit Mission**

“to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.”

- **Internal Audit Definition**

“an **independent, objective assurance** and **consulting activity** designed to add value and improve an organization’s operations.

It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of **risk management, control, and governance processes**.”

- **Mandatory Guidance**

- **Core Principles – Demonstrate Competence and Due Professional Care**

- **Code of Ethics**

- **Principles - Competency**

- “Internal auditors apply the knowledge, skills, and experience needed in the performance of internal audit services.”

- **Rules of Conduct – Internal Auditors**

- “Shall engage only in those services for which they have the knowledge, skills, and experience needed in the performance of internal audit activities.”
 - Shall perform internal audit services in accordance with the International Standards for the Professional Practice of Internal Auditing.”
 - “Shall continually improve their proficiency and the effectiveness and quality of their services.

IPPF Requirement on the Internal Audit Competency

- **Standards**

- **Standard 1000 – Purpose, Authority, and Responsibility**

- **Standard 1010**

- “Recognition of the Definition of Internal Auditing, the Code of Ethics, and the Standards in the Internal Audit Charter”

- **Standards 1200 – “Proficiency & Due Professional Care**

- “Engagements must be performed with proficiency and due professional care.

- “**Due Professional Care:** Internal auditors must apply the care and skill expected of a reasonably prudent and competent internal auditor.

- Due professional care does not imply infallibility.”

- **Standards 1210 – Proficiency**

- “Internal auditors must possess the knowledge, skills, and other competencies needed to perform their individual responsibilities. The internal audit activity collectively must possess or obtain the knowledge, skills, and other competencies needed to perform its responsibilities.”

- **1210.A1**

- “The chief audit executive must obtain competent advice and assistance if the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement.”

- **1210.A2**

- “Internal auditors must have sufficient knowledge to evaluate the risk of fraud and the manner in which it is managed by the organization, but are not expected to have the expertise of a person whose primary responsibility is detecting and investigating fraud.”

IPPF Requirement on the Internal Audit Competency (cont'd)

- **Standards**

- **Standards 1200 – “Proficiency & Due Professional Care (cont'd)”**

- “Engagements must be performed with proficiency and due professional care.”

- **Standards 1210 – Proficiency (cont'd)**

- “Internal auditors must possess the knowledge, skills, and other competencies needed to perform their individual responsibilities. The internal audit activity collectively must possess or obtain the knowledge, skills, and other competencies needed to perform its responsibilities.”

- **1210.A3**

- “Internal auditors must have sufficient knowledge of key information technology risks and controls and available technology-based audit techniques to perform their assigned work. However, not all internal auditors are expected to have the expertise of an internal auditor whose primary responsibility is information technology auditing.”

- **1210.C1**

- “The chief audit executive must decline the consulting engagement or obtain competent advice and assistance if the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement.”

- **Standard 1230 – Continuing Professional Development**

- “Internal auditors must enhance their knowledge, skills, and other competencies through continuing professional development.”

IIA INTERNAL AUDIT COMPETENCY FRAMEWORK



The IIA Internal Audit Competency Framework



Professionalism

Competencies required to demonstrate the authority, credibility, and ethical conduct essential for a valuable internal audit activity.

Performance

Competencies required to plan and perform internal audit engagements in conformance with the Standards.

Environment

Competencies required to identify and address the risks specific to the industry and environment in which the organization operates.

Leadership & Communication

Competencies required to provide strategic direction, communicate effectively, maintain relationships, and manage internal audit personnel and processes.

The IIA Internal Audit Competency Framework (cont'd)



PROFESSIONALISM

- Mission of Internal Auditing
 - Internal Audit Charter
- Organizational Independence
 - Individual Objectivity
 - Ethical Behavior
- Due Professional Care
- Professional Development

LEADERSHIP & COMMUNICATION

- Internal Audit Strategic Planning and Management
- Audit Planning and Coordinating Assurance Efforts
 - Quality Assurance and Improvement Program



PERFORMANCE

- Organizational Governance
- Fraud
- Risk Management
- Internal Control
- Engagement Planning
- Engagement Fieldwork
- Engagement Outcomes

ENVIRONMENT

- Organizational Strategic Planning & Management
- Common Business Processes
- Social Responsibility
- Information Technology
- Accounting & Finance

The Internal Audit Competency Tool - Sample (1/4)




PROFESSIONALISM

.....


Competencies required to demonstrate the authority, credibility, and ethical conduct essential for a valuable internal audit activity.

KNOWLEDGE AREA	COMPETENCY LEVEL		
	GENERAL AWARENESS	APPLIED KNOWLEDGE	EXPERT
Mission of internal auditing	Describe the purpose, authority, and responsibility of the internal audit activity; distinguish between assurance and consulting services.	Demonstrate ability to conduct both assurance and consulting engagements in conformance with the Standards.	Review the internal audit activity's ability to conduct both assurance and consulting activities to add value and improve the organization's operations.
Internal audit charter	Describe the purpose of an internal audit charter; identify the required elements of an internal audit charter, according to the Standards.	Prepare an internal audit charter in conformance with the Standards, and receive approval from the board.	Evaluate and revise an internal audit charter to achieve conformance with the Standards and promote world-class performance.
Organizational independence	Describe the importance of organizational independence of the internal audit activity; identify the elements that affect independence.	Detect any potential impairments to internal audit independence and the impact.	Address any potential impairments to internal audit independence to achieve conformance with the Standards; communicate the impact of any remaining impairments.
Individual objectivity	Describe the importance of internal audit objectivity; identify factors that may impair, or appear to impair, objectivity.	Detect and manage any real or perceived impairments to an individual internal auditor's objectivity; assess and maintain internal audit objectivity.	Develop and maintain policies that govern objectivity; recommend strategies to promote objectivity.
Ethical behavior	Describe the importance of a code of ethics for internal auditors; identify the principles of The IIA's Code of Ethics.	Demonstrate individual conformance with The IIA's Code of Ethics.	Assess the internal audit activity's conformance with The IIA's Code of Ethics; recommend strategies to maintain and promote the highest ethical standards for internal auditors and the internal audit activity.

The Internal Audit Competency Tool - Sample (2/4)

 PERFORMANCE Competencies required to plan and perform internal audit engagements in conformance with the Standards.	KNOWLEDGE AREA	COMPETENCY LEVEL		
		GENERAL AWARENESS	APPLIED KNOWLEDGE	EXPERT
	Organizational governance	Describe the concept of organizational governance.	Detect risks related to the organization's governance policies, processes, and structures.	Recommend improvements to the organization's governance policies, processes, and structures.
	Fraud	Recognize types of fraud, fraud risk, and red flags for fraud.	Evaluate the potential for fraud and how the organization detects and manages fraud risks; recommend controls to prevent and detect fraud and educate to improve the organization's fraud awareness.	Apply forensic auditing techniques in fraud prevention, deterrence, and investigation.
	Risk management	Describe fundamental concepts of risk and risk management; describe risk management frameworks.	Use a risk management framework to identify potential threats; examine the effectiveness of risk management within processes and functions.	Appraise the methods used to assess the effectiveness of risk identification and management.
	Internal control	Identify types of controls.	Use an internal control framework to examine the effectiveness and efficiency of internal controls.	Evaluate and recommend improvements to the organization's internal control framework; assess the organization's implementation of its internal control framework.

The Internal Audit Competency Tool - Sample (3/4)

	KNOWLEDGE AREA	COMPETENCY LEVEL		
		GENERAL AWARENESS	APPLIED KNOWLEDGE	EXPERT
 <p>ENVIRONMENT</p> <p>.....</p> <p>Competencies required to identify and address the risks specific to the industry and environment in which the organization operates.</p>	Organizational strategic planning and management <ul style="list-style-type: none"> • Structure • Performance measures • Organizational behavior • Leadership 	Identify the risk and control implications of different organizational structures.	Evaluate the organization's governance structure and the impact of organizational structure and culture on the overall control environment and risk management strategy.	Recommend improvements to the overall control environment and risk management strategy.
		Describe the strategic planning process.	Analyze the organization's strategic planning process.	Recommend improvements to the organization's strategic planning process.
		Describe common performance measures.	Examine performance measures used by the organization.	Select appropriate performance measures.
		Explain organizational behavior and performance management techniques.	Examine existing organizational behavior and performance management techniques.	Recommend appropriate organizational behavior and performance management techniques.
		Describe management's effectiveness to lead and build organizational commitment.	Examine management's effectiveness to lead and build organizational commitment.	Recommend actions to improve management's approach to leading and building organizational commitment.
	Common business processes	Describe the risk and control implications of common business processes (human resources, procurement, contracting, product development, project management, sales, marketing, logistics, management of outsourced processes, etc.).	Examine the risks and controls related to the organization's business processes.	Recommend actions to address risks related to the organization's business processes.
	Social responsibility and sustainability	Describe corporate social responsibility and sustainability.	Examine the organization's approach to social responsibility and sustainability.	Recommend actions to improve the organization's approach to social responsibility and sustainability.

The Internal Audit Competency Tool - Sample (4/4)

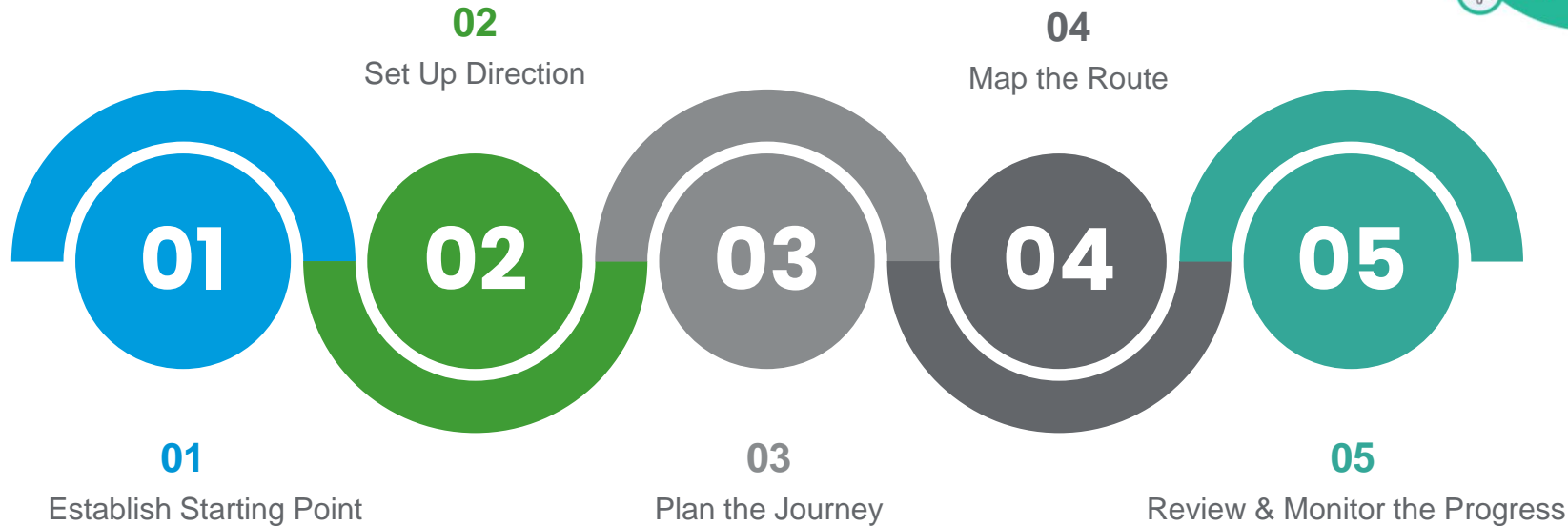


LEADERSHIP & COMMUNICATION

Competencies required to provide strategic direction, communicate effectively, maintain relationships, and manage internal audit personnel and processes.

KNOWLEDGE AREA	COMPETENCY LEVEL		
	GENERAL AWARENESS	APPLIED KNOWLEDGE	EXPERT
Internal audit strategic planning and management	Recognize the importance of aligning the internal audit strategic plan with the organization's strategy.	Create the internal audit strategic plan in alignment with the organization's strategy, risk profile, and risk management strategy; create an effective and efficient budget for the internal audit activity.	Assess the internal audit strategic plan; evaluate and recommend improvements to the budget for the internal audit activity.
	Differentiate various internal audit roles, including the engagement supervisor and chief audit executive.	Manage internal audit personnel (including recruiting, developing, motivating, managing conflict, building teams, delegating, retaining talent, and succession planning); create policies and procedures for managing internal audit operations.	Assess the talent management efforts of the internal audit activity; appraise policies, procedures, and administrative activities of the internal audit activity.
	Identify key activities in supervising engagements.	Supervise engagements.	Assess engagement supervision activities to ensure the quality of the internal audit activity.
Audit plan and coordinating assurance efforts	Identify sources of potential engagements, including industry trends and emerging risks.	Conduct a risk assessment, prioritize engagements, develop a risk-based internal audit plan, and obtain board approval.	Evaluate and revise a risk-based internal audit plan to meet the organization's evolving needs.
	Describe coordination of internal audit efforts with the external auditor, regulatory oversight bodies, and other internal assurance functions, and potential reliance on other assurance providers.	Prepare a risk assurance map.	Coordinate assurance efforts with other providers to ensure proper coverage and minimize duplication of efforts.

What's Next?



RSM INDONESIA

PLAZA ASIA LEVEL 10

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