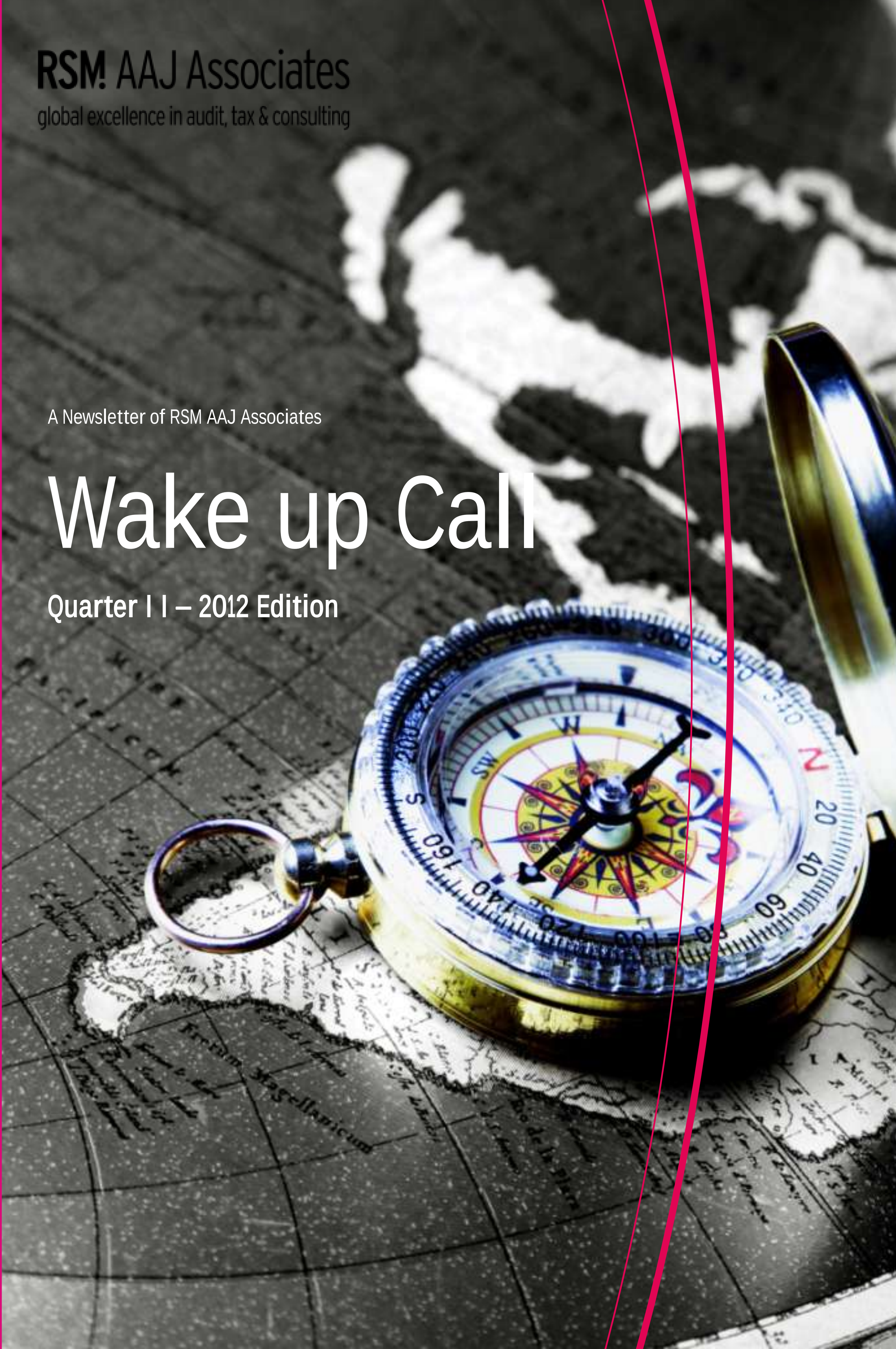
RSM AAJ Associates

global excellence in audit, tax & consulting



A Newsletter of RSM AAJ Associates

Wake up Call

Quarter I I – 2012 Edition

Contents

QUOTE OF THE QUARTER :

“You can never cross the ocean unless you have the courage to lose sight of the shore”

Christopher Columbus (1451 - 1506)

Message from the Editor

Dear Colleagues,

Time flies when you are busy. It is suddenly April. Yes we are on our way to 5th months of the year in no time and soon we will be in the second semester of the year.

Indonesia is moving steadily in positive way up to March. So far the economic indicators of the country looks good and investment from other countries into Indonesia has been in a positive trend. This is expected to continue up to mid 2013 when investor might become a little bit more cautious. Why ? Because the Presidential Election will take place in 2014. Depending on the political situation, investors might take a "wait and see" position in executing their investment plan. As democracy is a relatively new thing in Indonesia it is very difficult to see what might happen during the election and after. One good example was the government's plan to increase the fuel price just recently has sparked a nation-wide protest which, at the end, cause the government to cancel the plan despite the pressure on the state budget triggered by the increase in world oil price.

March and April are always a tough time for our firm and our staff, mostly auditors and tax consultants. It is the peak of the peak season. It is the time when the 2011 audited Financial Statements must be finalized and also it is a time when Corporate Tax Returns are to be lodged to the tax office. Long working hours and short sleeping hours becomes common during these months. In a lot of cases the employees of our clients who deal with financial statements and tax returns also have to go through a tough moment. The good thing is we manage to improve our productivity and work more efficiently compare to the last couple of years, so our busy season is not as bad as it used to be for the staff and for the firm.

This edition of Wake Up Call features some very interesting articles written by our Partners in the firm which relates to tax, risk management, IT updates, and also time management. We do hope you get a lot of value out of those articles. Also, we hope you take time to read the News from our Office section which briefly give you some important update of our office's activities.

Regards,

Ratification of the Hong Kong – Indonesia Tax Treaty

The Hong Kong – Indonesia Tax Treaty ("the Tax Treaty"), which was signed on 23 March, 2010, was recently ratified by the Indonesian Government under Presidential Regulation No 24 dated 2 March, 2012. The ratification documents now need to be exchanged with Hong Kong so that the Tax Treaty can enter into force and the relevant provisions become effective.

Withholding Tax Rates for certain transactions can be reduced as per Table I below :

Type of Income	WHT Rate under Indonesia's Income Tax Law	WHT Rate under Tax Treaty
Dividends	20%	5% / 10% (1)
Branch Profits	20%	5% (2)
Interest	20%	10% / 0% (3)
Royalties	20%	5%
Services (4)	20%	0%

Note 1 : 5% WHT applies if the recipient is a company (other than a partnership) that directly holds at least 25% of the capital of the company that is paying the dividend; otherwise 10% WHT applies.
Note 2 : The reduced rate does not apply to companies operating in Indonesia via a PE that is subject to a Production Sharing Contract, Contract of Work or similar. These will be subject to the terms of that contract.
Note 3 : 10% WHT generally applies unless the interest is paid by a specified government body, in which case 0% WHT applies.
Note 4 : The stated WHT rates apply provided that the overseas party does not have a Permanent Establishment in Indonesia.

Key Elements of the Tax Treaty

Effective Date :
Assuming the ratification documents are exchanged before 31 December, 2012 then the provisions of the Tax Treaty will be effective on 1 January, 2013 for income earned by Hong Kong taxpayers from Indonesian sources (i.e. that is subject to Indonesian tax unless avoided or reduced under the Tax Treaty).

Taxation of Income from the Sale of Shares :
Indonesia seeks to tax income earned by non-residents from the sale of shares in Indonesian companies that are not listed on the Indonesian Stock Exchange. This is done via a 5% WHT assessed on the transfer price. If the acquirer is an Indonesian tax resident then the acquirer is required to withhold the 5% from the payment and remit this to the State Treasury. If the buyer is also a non-resident then the company whose shares are being transferred is required to ensure that the tax is paid to the State Treasury.

Under the Tax Treaty, no WHT shall apply to the income earned from the sale of shares provided immovable property does not directly or indirectly comprise more than 50% of the assets of the company whose shares are sold. This exclusion does not apply, however, if the sale of shares occurs as a result of a reorganization, merger or similar restructuring of a company or if the company carries on its business in those immovable assets.

Time Tests for Deemed Permanent Establishment :

The Tax Treaty provides time tests for determining whether a PE might exist due to the performance of activities or delivery of services by the overseas party within the country. *The summary of the time test is presented in the graph next page*.

Impact of Indonesia's anti-treaty abuse regulations :

Indonesia's anti-treaty abuse regulations have the potential to prevent the successful application of the reduced rates of WHT that should apply in relation to dividends, interest and royalties paid by an Indonesian party to a Hong Kong resident.

Ratification of the Hong Kong – Indonesia Tax Treaty (Cont.)

The Time Test Graph

Nature of Activity (in-country)	Time Test under Tax Treaty (after which a PE is deemed to exist)
A building site or a construction or assembly or installation project or supervisory activities in connection therewith	If such site, project or activities last for a period of more than 183 days
Furnishing of services, including consultancy services, by an enterprise through employees or other personnel engaged by the enterprise for such purpose	If activities of that nature continue (for the same or a connected project) for a period or periods aggregating more than 183 days within any 12-month period
A drilling rig or working ship used for exploration or exploitation of natural resources	That is present or operating for more than 183 days

This is because these regulations require that the beneficial owner of the dividends, interest and/or royalties submits a properly completed Form DGT-1 (if the recipient is not a financial institution) that, amongst others, confirms the income received is subject to taxation in Hong Kong.

Hong Kong's taxation system is territory-based and Hong Kong does not tax income that is sourced from outside Hong Kong. Therefore, arguably, dividends will not be subject to Hong Kong tax and therefore a Hong Kong recipient of dividends from Indonesia will not be able to confirm the income is taxed in Hong Kong. Accordingly the Indonesian payer is required to withhold 20% WHT or face potential adjustments and penalties assessed by the Tax Office.

There is also a risk that interest and royalty income might suffer the same result unless these transactions can be structured in such a way as to ensure the income can be regarded as being sourced in Hong Kong (and therefore subject to taxation in Hong Kong).

These consequences appear to be contrary to the intention of the Tax Treaty and there are indications that the Tax Office may still allow the application of the Tax Treaty despite a Hong Kong tax resident's failure to confirm that the dividend, interest and/or royalty income are subject to tax in Hong Kong. In the absence of an amendment to the anti-treaty abuse regulations it is not clear, however, how an Indonesian payer can rely on these verbal indications and safely apply the reduced rates of WHT.

Do note that there are no beneficial owner requirements to access treaty protection on the sale of shares, taxation of business profit business profits or the definition of PE. Therefore the "subject to tax" issue does not impact on the ability of a Hong Kong resident to apply the benefits under the Tax Treaty in relation to these matters.

Recommendation

- The effective date for income earned by Hong Kong residents from Indonesia will be 1 January, 2013 (provide exchange of ratifications occurs by 31 December, 2012)

- Dividends paid by Indonesian companies appear to fail Indonesia's anti-treaty abuse regulations and therefore 20% WHT should apply unless the

Ratification of the Hong Kong – Indonesia Tax Treaty (Cont.)

Indonesian payer is prepared to use the Tax Treaty rate based on verbal assurances from the Tax Office that the Tax Treaty rates will be honoured

- Interest and royalties may also fail the anti-treaty abuse regulations unless these can be structured to ensure these are subject to taxation in Hong Kong

- Hong Kong residents can use the Tax Treaty to avoid WHT on the sale of shares in most Indonesian companies (whose assets comprise less than 50% immovable property, excluding property that the company operates in)

- Hong Kong residents can use the Tax Treaty to extend the period before which a PE exists and thereby avoid the 20% WHT that otherwise applies on payments for services

- To access the benefits under the Tax Treaty the Hong Kong resident must provide the relevant Form DGT (1 or 2) and/or Certificate of Tax Residence to the Indonesian payer prior to when the withholding tax would otherwise be due. [*Nicholas Graham*]

"IFRS Illustrative Consolidated Financial Statements 2011" is now available in our website

Who Owns Risk Management?

When there is an issue within an organization which relates to weak controls, who is to blame? Some blame it on Internal Audit function saying that internal audit didn't do their job well; others the individual that execute the process on the field saying that the person does not have integrity; and others got no clue on who is to blame.

Before we get into the blaming game, it is important that we understand what actually control is and how can it become an issue in an organization. Let's look at the basic principles of risk management and who really owns risk management.

Based on COSO Enterprise Risk Management Framework, enterprise risk management (ERM) deals with risk and opportunities affecting value creation or preservation, which defined that ERM is a process, effected by an entity's board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives.

Understanding the above definition, here are several fundamental underlying concepts which could be linked to the accountability of ensuring the realization of such concepts of ERM into a sound ERM practice. (*Diagram I – next page*)

The normal everyday operating activities and responsibilities of people functioning at various levels of an organization are directed at achieving the entity's objectives. Indeed, among the cross-section of well-controlled entities it is likely that most will be appraised regularly on movement toward their strategic and operations objectives, will achieve compliance objectives regularly, and consistently will produce – period after period, year after year – reliable reports. However, in an uncontrollable event, a mistake, or an improper reporting incident can occur. In other words, even effective ERM can experience a failure. Reasonable assurance is not absolute assurance.

ERM can be expected to provide reasonable assurance of achieving objectives relating to the reliability of reporting, and compliance with laws and regulations. Achievement in those categories of objectives is within the entity's control and depends on how well the entity's related activities are performed. However, achievement of strategic objectives, such as attaining a specified market share, and operations objectives, such as

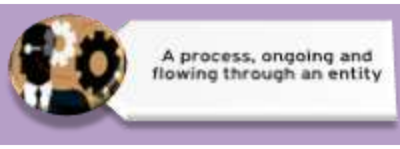
successfully launching a new product line, is not always within the entity's control.

ERM cannot prevent bad judgments or decisions, or external events that can cause a business to fail to achieve operations goals. It does, however, enhance the likelihood that management will make better decisions. For these objectives, enterprise risk management can provide reasonable assurance that management, and the board in its oversight role, are made aware, in a timely manner, of the extent to which the entity is moving toward achievement of the objectives.

Therefore, people must know their responsibilities and limits of authority. Accordingly, a clear and close linkage needs to exist between people's duties and the way in which they are carried out, as well as with the entity's strategy and objectives.

Who Owns Risk Management? (Cont.)

Diagram I
Fundamental Concepts of ERM



ERM is a continuous or iterative interplay of actions. These actions are pervasive and inherent in the way management runs the business.

ERM is effected by an entity's board of directors, management and other personnel. It is accomplished by the people of an organization, by what they do and say. People establish the entity's mission, strategy, and objectives, and put enterprise risk management mechanisms in place.

ERM is applied in strategy setting, in which management considers risks relative to alternative strategies.

ERM considers activities at all levels of the organization, from enterprise-level activities such as strategic planning and resource allocation, to business unit activities such as marketing and HR, to business processes such as production and new customer credit review. A *portfolio view* of risk might involve each manager responsible for a business unit, function, process, or other activity developing an assessment of risk for the activity. Management also needs to consider interrelated risks from an entity-level portfolio perspective. Risks for individual units of the entity may be within the units' risk tolerances, but taken together may exceed the risk appetite of the entity as a whole.

Risk appetite is directly related to an entity's strategy. It is considered in strategy setting, as different strategies expose an entity to different risks. Management considers its risk appetite as it aligns its organization, people, and processes, and designs infrastructure necessary to effectively respond to and monitor risks.

Well-designed and operated ERM can provide management and the BOD reasonable assurance regarding achievement of an entity's objectives. Reasonable assurance reflects the notion that uncertainty and risk relate to the future, which no one can predict with precision.

Within the context of the established mission, management establishes strategic objectives, selects strategy, and establishes other objectives cascading through the enterprise and aligned with and linked to the strategy.

Who Owns Risk Management? (Cont.)

An organization's people include the board of directors, management and other personnel. Although directors primarily provide oversight, they also provide direction and approve strategy and certain transactions and policies.

Based on the above concepts, it is clear that risk management really involves everyone in an entity or organization. The owner of risk management is indeed every individual that contributes to activity of an entity. However, the ultimate responsibility of ensuring the existence of such process remains in the Board of Directors.

So who's the owner of risk management? The answer is all of the people involved in the business of an entity!

Who's to blame when something goes wrong due to poor control that impedes entity to manage its risk? Naturally the Board of Directors should take the weight for those; however it is really the fault of every individual accountable within the relevant process.

How can we improve our risk management process? Educate our people on what risk management is really about; make them aware of the accountability and responsibility of each individual within our organization, and make them aware that the success of risk management will contribute to the sustainability of the organization. [*Syahraki Syahrir*]

The new "Doing Business in Indonesia" publication is now available in our website

Time Management

Aristotle Onassis was once asked to share his secret of success and he replied, "I have learned the value and importance of time; therefore, I work two additional hours each day and in that way I gain the equivalent of one additional month each year."

Dawson Trotman, the founder and first president of The Navigators, once said, "The greatest time wasted is the time getting started."

These quotes all have one thing in common---they stress the value and importance of time. Time is to be used and not wasted.

What is Time?

Time is your most valuable resource. Time is unique because unlike other resources, it cannot be stored or saved. Time cannot be saved or stored up for future use---you must use it as you receive it.

What you are and what you possess is the result of how have used the time allotted to you. All of us have the same amount of time.

Time does not discriminate. The difference is in the way we use the time we have.
Therefore, the secret to time management is not in learning how to save time or get more of it.

The secret is in knowing how to use wisely the 60 minutes in every hour. The secret is to be industrious.

Time Robbers

The wise person makes the most of every opportunity he or she has. The professional concerned about making the most of his time should identify his personal time robbers and systematically work at eliminating them. A time robber is any controllable activity that hinders or delays your efforts to accomplish the job or task.
Some time robbers frequently identified by professionals follow :

- Procrastination
- Poor personal planning & scheduling
- Interruptions by people without appointments
- Poor delegation
- Poor use of the telephone
- Reading junk mail
- Lack of concern for good time management
- Lack of clear priorities

How to Eliminate Time Robbers

Trying to eliminate time robbers can be a frustrating experience. Wasting time doesn't just happen; it is allowed to occur. In most cases it is the result of poor time-use habits. Therefore, eliminating time robbers frequently involves eliminating poor time-use habits.

The single most difficult aspect of managing time effectively is changing habits.
A habit usually develops over an extended period of time and generally becomes an unconscious action. As a result, habits that can be classified as time robbers usually are difficult to break. However, with patience and a strong commitment to make the most of his time, the professional can become proficient in time management.

Develop and maintain an organized personal activity schedule. This is one of the most obvious---yet frequently neglected---tools of time management. A professional recently told me, "I hate making a schedule because it reveals how poorly I follow it."
An organized personal activity schedule tells a professional what he should be doing. However, it does not guarantee the activities will be done.

Procedures for Developing a Weekly Activity Schedule

1. Make a list of next week's activities. This should include all of the professional's known activities.
2. Determine if each activity is to be done next week or during some future week. This does not mean the professional is procrastinating; it simply means he wants to make sure he identifies those to be done next week only.

Time Management (Cont.)

3. Select only those activities to be done next week and determine which ones should be delegated.
4. Sort out all activities not assignable. This list represents the activities to be done by the professional.
5. Set priorities for the activities.
6. Determine the amount of time to be allotted for the completion of each activity.
7. Delegate the activities to be performed by subordinates, giving them deadlines.
8. Assign a specific day on next week's calendar for each of your personal activities. You should also impose deadlines on yourself, even if none are required.
9. Conduct a follow-up at the end of the week to determine whether all projects were accomplished on schedule. If not, identify the time robbers that got you off schedule.
10. Prepare the following week's schedule by repeating steps 1 through 9.

Learn to schedule emergencies and interruptions in advance. Professionals frequently become discouraged trying to maintain a schedule because of the numerous unavoidable emergencies and interruptions that occur. However, the best way to handle interruptions is to schedule them "before" they occur.

Avoid the Activity Trap

There is a great deal of difference between activity and accomplishment. I'm afraid many of us work hard, but at the end of the day or week discover we accomplished little.

Many professionals work hard but seem to get little done. Part of the problem could be traced to the activity trap which gets people involved in numerous tasks that do not contribute to the predetermined goal or objective. Many professionals work from morning till night but they never get the important things done. We are busy working, we can't do our job (what's important!)

Time management consultants say that 80% of the results are produced by 20% of the effort. This means that the other 80% of our effort only contributes 20% to the results. To avoid the activity trap, we must eliminate those activities that make little if any contribution to the goal. Adopting the following rules will help:

1. Avoid working on several small projects at once.
2. Finish one project before starting another (ideally!).
3. Prioritize your projects and work on the most important ones first.
4. Set self-imposed deadlines for all projects and meet them.
5. Concentrate on results.

.

How to Stay on a Schedule

Organizing and scheduling time is hard work and time consuming, therefore, it is important to maintain the schedule once it is developed. To stay on schedule, first develop your priorities and make sure they are communicated Second, learn to say no to things that do not contribute to the priority. And third, maintain a high level of commitment to managing your time effectively.

Develop priorities and make sure they are communicated. Undefined priorities are the worst time robbers and schedule breakers. Without priorities, people fall into the activity trap---spending their time on activities that do not contribute to their overall goals.

A professional told me, "We have priorities alright. The only problem is they are like the weather---they change every 15 minutes." He went on to say, "The other day my boss called and informed me of an 'urgent project' that had to be done before the end of the day. Half an hour later he told me stop working on that urgent project and start another." He continued, "A few calls like that and it doesn't take long to realize we really don't have any clear priorities."

I have heard similar stories from other frustrated employees who

Time Management (Cont.)

really don't know what their company's priorities are. As a result, they jump from one activity to another, frequently reacting to events that have little if any influence on their real priorities.

Learn to say no to things that do not contribute to the priority. In order to maintain a schedule and eventually achieve priorities, the professional must learn to say no to many worthwhile causes and requests. Generally speaking, the greater the priority the more frequently one has to say no.

There are many good activities that need to be done by someone. However, the professional must realize he can't meet all of the needs of all the people all of the time. He must set priorities and learn to say no in order to do the important things planned for him.

Maintain a high level of commitment to effective time management. Effective time management is hard work. It usually involves breaking poor habits and replacing them with good ones.

Most professionals draw up some sort of daily and weekly schedules but only those committed to their schedules follow them. The professional must keep in mind the commitment isn't to the schedule, but to accomplishing the important goals and priorities he or she has set. The schedule is only the means to an end. [*Renato M. Leuterio*]

BUSINESS TERMS

- **Bear Market** : prolonged period of falling prices. A *bear market* in stocks is usually brought on by the anticipation of declining economic activity, and a *bear market* in bonds is caused by rising interest rates.

- **Kiting** : Banking : (1) depositing and drawing checks between accounts at two or more banks and thereby taking advantage of the float; (2) fraudulently altering the figures on a check to increase its face value;
Securities : driving stock prices to high levels through manipulative trading methods, such as the creation of artificial trading activity by the buyer and the seller working together and using the same funds.

- **Plow Back** : to reinvest a **company's** earnings in the business rather than pay out those profits as dividends. Smaller, fast-growing companies usually *plow back* most or all earnings into their businesses, whereas more established firms pay out more of their profits as dividends.

- **Threshold-Point Ordering** : minimum ordering of inventory to meet expected user demand; predetermined point of inventory reordering based upon anticipated usage. Threshold-point ordering represents very precise inventory management techniques.

Snapshot on COBIT 5

On April 2012, ISACA has published COBIT 5, a new business framework for the governance and management of enterprise IT. COBIT 5 helps enterprises create optimal value from IT by maintaining a balance between realising benefits and optimising risk levels and resource use. The framework addresses both business and IT functional areas across an enterprise and considers the IT-related interests of internal and external stakeholders. Enterprises of all size, whether commercial, not-for-profit or in the public sector, can benefit from COBIT 5.

The benefits of the COBIT 5 process capability model, compared to the COBIT 4.1 maturity models, include:

1) Improved focus on the process being performed to confirm that it is actually achieving its purpose and delivering its required outcomes as expected.

2) Simplified content through elimination of duplication because COBIT 4.1 maturity model assessment required the use of a number of specific components, including the generic maturity model, process maturity models, control objectives and process controls to support process assessment.

3) Improved reliability and repeatability of process capability assessment activities and evaluations, reducing debates and disagreements between stakeholders on assessment results.

4) Increased usability of process capability assessment results, because the new model establishes a basis for more formal, rigorous assessments to be performed, for both internal and potential external purposes.

5) Compliance with a generally accepted process assessment standard and therefore strong support for the assessment approach in the market.

So what is the difference from the famous COBIT 4.1 published previously?

- COBIT 4.1 model is used to **measure the current or 'as-is' maturity of an enterprise's** IT-related processes, to define a **required "to-be" state of** maturity, and to determine the gap between them and how to improve the process to achieve desired maturity level.

- COBIT 5 is a process capability model that is based on ISO/IEC 15504 Software Engineering – Process Assessment standard. This model will achieve the same overall objectives of process assessment and process improvement support, meaning that it will provide a means to measure the performance of any governance (EDM-based) processes or management (PBRM-based) processes, and will allow areas for improvement to be identified. However, COBIT 5 model is different to COBIT 4.1 in its design as well as in its use.

Snapshot on COBIT 5 (Cont.)

COBIT 5 is based on five key principles for governance and managemen t of enterprise IT and describes seven categories of enablers.

Principle 1: Meeting Stakeholder Needs

Principle 2: Covering the Enterprise End-to-End

Principle 3: Applying a Single, Integrated Framework

Principle 4: Enabling a Holistic Approach

Principle 5: Separating Governance From Management

Principles, policies and frameworks are the vehicle to translate the desired behavior into practical guidance for day-to-day management.

Processes describe an organized set of practices and activities to achieve certain objectives and produce a set of outputs in support of achieving overall IT-related goals.

Organizational structures are the key decision-making entities in an enterprise.

Culture, ethics and behavior of individuals and of the enterprise are very often underestimated as a success factor in governance and management activities.

Information is required for keeping the organization running and well governed, but at the operational level, information is very often the key product of the enterprise itself.

Services, infrastructure and applications include the infrastructure, technology and applications that provide the enterprise with information technology processing and services.

People, skills and competencies are required for successful completion of all activities, and for making correct decisions and taking corrective actions.

	COBIT 4.1	COBIT 5
Focus	• Maturity model: Assessing a process maturity, defining a target maturity level and identifying gaps to achieve the target. • Produced a maturity profile of an enterprise. The main purpose of this profile is to identify in which dimensions or for which attributes there were specific weaknesses that needed improvement. This approach was used by enterprises when there was an improvement focus rather than a need to obtain one maturity number for reporting purposes.	• Process capability model: Assessing performance of processes and identifying gaps for improvement needed. • The assessment model provides a measurement scale for each capability attribute and guidance on how to apply it, so for each process an assessment can be made for each of the nine capability attributes.
Level	• 6 maturity level: 0 - nonexistent; 1 - ad hoc; 2 - repeatable; 3 - defined process; 4 - managed & measurable; 5 - optimised. • Assessment need to be made whether control objectives for the process were met. The maturity model included in the management guideline for each process is used to obtain a maturity profile of the process. The generic maturity model provides 6 distinct attributes. Process controls are generic control objectives - they also need to be reviewed when a process assessment is made. Process controls partially overlap with the generic maturity model attributes.	• 6 process capability level: 0 - incomplete process; 1 - performed process; 2 - managed process; 3 - established process; 4 - predictable process; 5 - optimising process. • Each capability level can be achieved only when the level below has been fully achieved. There is a significant distinction between process capability level 1 and the higher capability levels. Process capability level 1 achievement requires the process performance attribute to be largely achieved, which actually means that the process is being successfully performed and the required outcomes obtained by the enterprise. The higher capability levels then add different attributes to it. In this assessment scheme, achieving a capability level 1, even on a scale to 5, is already an important achievement for an enterprise.

Snapshot on COBIT 5 (Cont.)

Although it is tempting to compare assessment results between COBIT 4.1 and COBIT 5 because of apparent similarities to the number scales and words used to describe them, such a comparison is difficult because of the differences in scope, focus and intent.

and even prohibits this approach. Instead, the approach defines the information required in the process model to be used for the assessment :

• Process description, with the purpose statements

The maturity attributes in COBIT 4.1 and COBIT 5 process capability attributes are not identical. They overlap map to a certain extent. Enterprises having used the maturity model attributes approach in COBIT 4.1 can reuse their existing

Comparison table of maturity attributes & process attributes

COBIT 4.1 Maturity Attribute	COBIT 5 Process Capability Attribute								
	Process Performance	Performance Management	Work Product Management	Process Definition	Process Deployment	Process Management	Process Control	Process Innovation	Process Optimisation
Awareness & Communication									
Policies, plans & procedures									
Tools & automation									
Skills & expertise									
Responsibility & accountability									
Goal setting & measurement									

In general, scores will be lower with the COBIT 5 process capability model. In the COBIT 4.1 maturity model, a process could achieve a level 1 or 2 without fully achieving all the **process's objectives; in the** COBIT 5 process capability level, this will result in a lower score of 0 or 1.

<table>
<tr><th colspan="3">Comparison table of maturity level & process capability level</th></tr>
<tr><th>COBIT 4.1</th><th>COBIT 5</th><th>Context</th></tr>
<tr><td>Level 5</td><td>Level 5</td><td rowspan="3">Enterprise View -
Corporate Knowledge</td></tr>
<tr><td>Level 4</td><td>Level 4</td></tr>
<tr><td rowspan="2">Level 3</td><td>Level 3</td></tr>
<tr><td>Level 2</td><td rowspan="4">Instance View -
Individual Knowledge</td></tr>
<tr><td>Level 2</td><td rowspan="2">Level 1</td></tr>
<tr><td>Level 1</td></tr>
<tr><td>Level 0</td><td>Level 0</td></tr>
</table>

There is no longer specific maturity model per process included with the detailed process content in COBIT 5 because the ISO/IEC 15504 process capability assessment approach does not require this

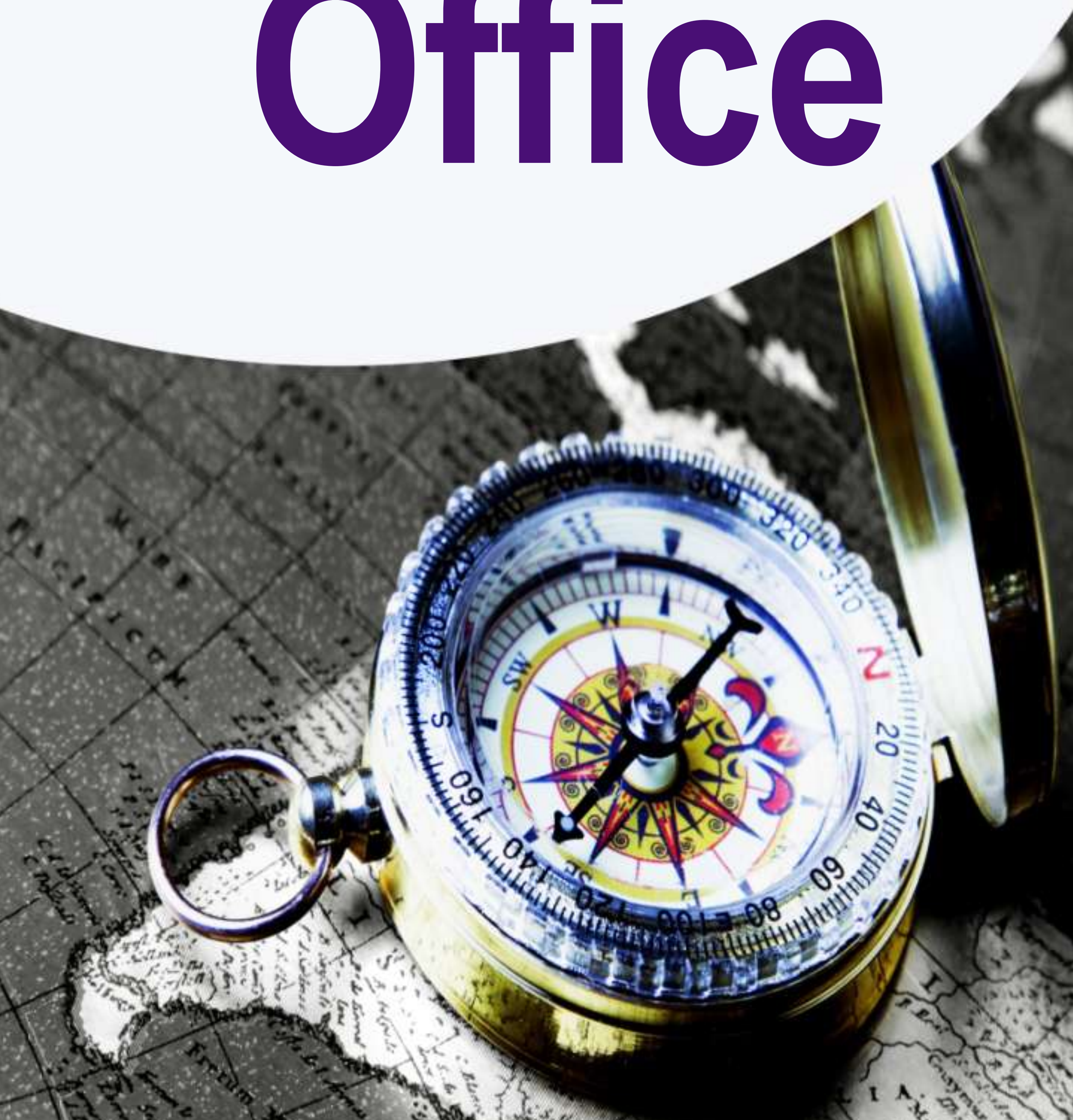
• Base practices, which are the equivalent of process governance or management

• Practices in COBIT 5 terms

• Work products, which are the equivalent of the inputs and outputs in COBIT 5 terms.

assessment data and reclassify them under the COBIT 5 attribute assessments. [*Angela I. Simatupang*]

News from our Office



RSM AAJ Associates Workshop Series – January 17 - 18th, 2012

On 17-18 January 2012, RSM AAJ Associates held a 2-days IFRS workshop about some of the new and important Statement of Financial Accounting Standards which adopted the latest IFRS. The workshop was led by our audit partners and senior managers. 36 participants from different industries attended the workshop. The of the material presented in the workshop are SFAS 1, 4, 24, 34, 36, 48 and 56 which are considered as important for the preparation of 2011 and 2012 Financial Statements.

RSM AAJ Associates 27th Anniversary

4 March 2012 remarks the Firm 27**th's** Anniversary. It has been a good 27 year since the firm's growth trend is getting better and better every year. We celebrated this anniversary with a simple ceremonial lunch at the office at 5 March 2012 together with the staff in the office. Happy Anniversary RSM AAJ Associates !.

New Partner in Our Firm

We are delighted to advise that a new Tax Partner, Neil T. Vigo, has joined our office in April. Neil was the Managing Partner of the Indonesian Grant Thornton tax practice for many years. He has a great depth of experience having provided the full spectrum of services in a public accounting firm and having been involved in the completion of financial audits, the rendering of accounting services and the provision of various tax advices and services.

Neil holds a degree in Bachelor of Science in Business Administration majoring in Accounting from the University of the East in Manila. He is also a member of the Philippine Institute of Certified Public Accountants.

We are pleased to have Neil on board and believe having someone with hi expertise and knowledge will deliver significant value to our clients in the face of increasingly aggressive assessments by the Tax Office. Welcome Neil !

RSM AAJ Associates
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