

IFIAR 2024 Member Profile – PPPK

1. Jurisdiction	1.1 Insert the name of the jurisdiction in English: Republic of Indonesia
2. Member¹	<p>2.1 Insert the name of the Member, both in the local language and in English:</p> <p>Pusat Pembinaan Profesi Keuangan (PPPK) Finance Professions Supervisory Center</p> <hr/> <p>2.2 Include relevant contact information, including postal address, telephone number(s), a general email address (if any) and a link to the Member’s website:</p> <p>Pusat Pembinaan Profesi Keuangan, Ministry of Finance, Djuanda 2 Tower Fl. 19-20 Jalan Wahidin Raya Nomor 1 Jakarta 10710 Indonesia.</p> <p>Tel.: +62-21-3843237 Fax: +62-21-3508573 Website: www.pppk.kemenkeu.go.id</p> <hr/> <p>2.3 Include the basis for establishment of the Member, as well as the legislation or regulations which provide the Member the authority/mandate with respect to audit regulation. Please describe with an appropriate level of detail the mission and responsibilities of the Member with respect to audit regulation:</p> <ul style="list-style-type: none"> - Law number 5 year 2011 concerning Public Accountant; - Government Regulation Number 20 Year 2015 concerning Public Accountant Practices - Finance Minister Regulation number 186/PMK.01/2021 concerning Public Accountant Development and Supervision. <p>In Indonesia only licensed public accountants (PA) may offer auditing services to the general public through a public accountant firm (PAF). In other words, public accountants are Indonesia’s statutory auditors.</p> <p>PPPK is the regulator of the accountancy profession whose primary authorities includes, among other, issuing PA practice and PAF licenses, conducts regular and investigative inspection, and imposes sanction.</p>

¹ In the case where there are two or more regulators from the same jurisdiction that have been approved according to Section 2.3 of the IFIAR Charter, they together are considered as one Member. In that case, regulators are requested to include information for both organizations in the Member Profile.

	<p>The PPPK is an administrative government unit under the Secretariat General of the Ministry of Finance that supervises several financial professions i.e. auditors, appraisals and actuary – and has several divisions for each profession.</p> <p>According to article 51 of Act No. 5/2011, the MoF c.q. PPPK holds the authority of inspecting all public accountants (PAs) and public accountant firms (PAFs). The inspection includes both administrative (e.g: fulfilment of licensing requirements, reporting obligations, etc) and technical matters. Inspection on technical matters includes reviews on firms’ quality control systems and assurance services (mainly audit engagements) and working papers.</p> <p>2.4 Please indicate whether the Member has responsibility for the following tasks within the area of Audit Oversight:</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Licensing <input type="checkbox"/> Registration <input checked="" type="checkbox"/> Audit and/or Ethics Standard Setting <input checked="" type="checkbox"/> Permanent Education / Continuous Training of Auditors <input checked="" type="checkbox"/> Inspection <input checked="" type="checkbox"/> Enforcement <input checked="" type="checkbox"/> Other: <u>Setting policy and regulation for Public Accountants and Firms</u> <p>Based on the Indonesia Public Accountant Act, only the Institut Akuntan Publik Indonesia (IAPI) is acknowledged by the Minister of Finance as the professional body for public accountants. The IAPI has the mandate to draft and issue the professional standards, organize the profession examinations, conduct the Continuous Professional Education (CPE) program, and conduct quality reviews on its members. IAPI has to report its activities to the Minister on an annual basis.</p>
<p>3. Governing Body Composition and members</p>	<p>3.1 Describe with an appropriate level of detail the current composition of the Member’s governing body, including, where possible, the names, the organization they represent (if any) and brief backgrounds of the governing body members, or provide a link to a page on your website where this information is provided.</p> <p>As a special mission unit under the Ministry of Finance, the Head of PPPK is appointed by the Finance Minister. The current Head of the PPPK is Mrs. Erawati, and the Division Head of Accounting Profession Inspection Division is Mr. Agus Suparto.</p> <p>Link to organisation structure: https://pppk.kemenkeu.go.id/in/post/struktur-organisasi</p>

	<p>3.2 What are the eligibility criteria / requirements and composition requirements for the members of the governing body? E.g. Does national legislation require representatives on the governing body from certain organizations, or with specific experience, etc.</p> <p>PPPK employees (including the Head of PPPK) are Full-time Government Employees (MOF employees) whose backgrounds are accounting and auditing. Many of PPPK staff have passed the Indonesian Certified Public Accountant (CPA) Examination. It is our policy to maintain and improve its staff's competences and capacity through, among others, providing internal training as well as external continuing professional education (CPE).</p> <hr/> <p>3.3 Is there a restriction or recusal process that is applicable to members of the governing body of the Member who are current or former auditors/practitioners?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Does this include a “cooling-off” period for former auditors?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If yes to either of the above, please describe:</p>
<p>4. Independence safeguards</p>	<p>4.1 Please describe the national independence requirements for the governing body and its members, and legal or regulatory requirements/provisions in place that safeguard their independence from the audit profession.</p> <p>As a government body, PPPK organization and budgeting process is follow the government rules and must be independent from private sectors, including audit profession. All PPPK employees including in the leadership level are civil servants that have to follow all the regulation related to civil servant in Indonesia. i.e. Act Number 5 Year 2014 concerning Indonesian Civil Servant.</p> <p>Are employees of the Member covered by the same or separate set of independence requirements?</p> <p><input checked="" type="checkbox"/> Same set of requirements <input type="checkbox"/> Different set of requirements</p> <p>If there are separate independence requirements for employees, please describe:</p> <hr/> <p>4.2 Are there any additional safeguards in place that provide for the Member's overall independence from the audit profession? E.g. through the appointment process, specific Board actions, etc.</p>

	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes, please describe:</p> <p>The Finance Minister Regulation number 186/PMK.01/2021 concerning Public Accountant Development and Supervision Chapter 44 stated that the inspector shall:</p> <ol style="list-style-type: none"> Maintain their independence and integrity; Avoid the conflict of interest; Comply with the discipline and ethics requirement; <p>In addition, the Ministry of Finance have two internal regulations to ensure the integrity and independence of MoF’s employee in general (including PPPK employee) as stated below:</p> <ol style="list-style-type: none"> Minister Decree Number 322/KMK.09/2021 concerning The Framework of Internal Control Implementation; and Minister Decree Number 323/KMK.09/2021 concerning The Integrity Framework.
5. Funding Arrangements	<p>5.1 Describe the main funding arrangements of the Member, including the setting and approval of the budget:</p> <p>The funding comes from the State budget, which has been approved by the House of Representatives. Consequently, we are adequately funded and secure and free from undue influence from statutory auditors and audit firms.</p>
	<p>5.2 Is the funding free from undue influence by the profession?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please describe with an appropriate level of detail the safeguards in place to prevent undue influence by the profession:</p> <p>Our funding are secured by the State Budget which has been approved by the House of Representatives.</p>
6. Audit Market	<p>6.1 Provide the number of audit firms subject to inspections. Include an indication of the number of public interest audits (PIEs) and other audits that fall under the Member’s oversight or mandate.</p> <p>As of 31st December 2023, there are 1.588 licensed public accountants and 485 audit firms in Indonesia. In 2023, PPPK conducted inspections on 64 audit firms and 74 public accountants.</p>
	<p>6.2 Please describe the sizes (in terms of revenue / number of listed entity clients / number of partners and audit staff / etc. – whichever measure is commonly used and available in your jurisdiction) and</p>

	<p>market shares of each of the largest audit firms in the Member's jurisdiction.</p> <p>Below are the data for Big 4 firm for 2023.</p> <table border="1" data-bbox="544 533 1366 757"> <thead> <tr> <th>Firm name</th> <th>Total Revenue (USD)</th> <th>Number of Listed Entities</th> <th>Number of Audit Partner</th> </tr> </thead> <tbody> <tr> <td>EY</td> <td>63.021.941</td> <td>193</td> <td>42</td> </tr> <tr> <td>PWC</td> <td>70.618.272</td> <td>73</td> <td>32</td> </tr> <tr> <td>KPMG</td> <td>23.440.268</td> <td>19</td> <td>27</td> </tr> <tr> <td>Deloitte</td> <td>19.849.487</td> <td>28</td> <td>21</td> </tr> </tbody> </table> <p>The size and market share of the Big-4-affiliated audit firms (Deloitte, EY, KPMG, PwC) is around 38% of the total listed companies in Indonesia.</p>	Firm name	Total Revenue (USD)	Number of Listed Entities	Number of Audit Partner	EY	63.021.941	193	42	PWC	70.618.272	73	32	KPMG	23.440.268	19	27	Deloitte	19.849.487	28	21
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7. Inspection System	<p>7.1 Does the Member have the responsibility for recurring inspections of audit firms undertaking audits of public interest entities (PIEs)?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <hr/> <p>7.2 Is this responsibility undertaken directly or through oversight of inspection conducted by another organization?</p> <p><input checked="" type="checkbox"/> Directly <input type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility, including the follow-up and reporting process, and the regulatory measures available to be taken as a result of inspections (if described in Question 11 Enforcement, please reference that section for details on such measures).</p> <p>If through oversight of another organization, please describe with an appropriate level of detail the other organization, its relation to the Member, its role, and the arrangements for oversight by the Member:</p> <p>PPPK conducts regular and investigative inspections to obtain reasonable confidence that auditors and audit firms are in compliance with relevant regulations as well as maintain high standards of quality in performing their services to the public. The priority of the inspections are auditors of public interest entities (listed companies and financial institutions) although we also conduct inspection on non-PIE auditors and audit firms.</p> <hr/> <p>7.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:</p> <p>There is no regulation regarding the frequency of inspections. However, in practice, we do inspection on Big-10 Firms annually, second-tier Firms biannually and other Firms at least once in 4 or 5 years.</p>																				

	<p>7.4 Does the Member have its own inspection staff, use reviewers from the professional body or sub-contract to third parties, independent contractors, etc. for the conduct of inspections? Please tick the boxes that apply: (multiple responses allowed) Note that there is no need to tick a box if non-employee reviewers are used very occasionally and are not a core staffing approach.</p> <p> <input checked="" type="checkbox"/> Employees of the Member <input type="checkbox"/> Professional body </p> <p> <input type="checkbox"/> Third Parties <input type="checkbox"/> Other </p> <p>Please explain below:</p> <p>All inspection staff in PPPK Indonesia are civil servants. We don't have professional hiring inspectors or third parties (i.e. expert). We do have another division in PPPK that oversight others financial profession such as appraisal and actuary. Usually we have a consultation with this division for a complex inspection audit area such as fair value inspection or evaluating the auditor working paper related auditor or management expert.</p>
<p>8. Licensing</p>	<p>8.1 If the Member has the responsibility for <u>Licensing</u>, please indicate whether this responsibility is undertaken directly or through oversight of Licensing conducted by another organization?</p> <p> <input checked="" type="checkbox"/> Directly <input type="checkbox"/> Through Oversight </p> <p>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</p> <p>If through oversight, please indicate the name of the other organization and its composition. Also, give a description of the powers of the other organization and procedure applied, as well as the role of the Member in these procedures.</p> <p>The applicants of the Public Accountant License submit their application to The Ministry of Finance. If the application is successful, MoF issues the respective license which is signed by the Secretary General of MoF on behalf of the Ministry.</p>
<p>9. Registration</p>	<p>9.1 If the Member has the responsibility for <u>Registration</u>, please indicate whether this responsibility is undertaken directly or through oversight of Registration conducted by another organization?</p> <p> <input type="checkbox"/> Directly <input type="checkbox"/> Through Oversight </p> <p>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</p> <p>If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also, give a</p>

	<p>description of the powers of the other organization and procedure applied, as well as the role of the Member in these procedures.</p> <p style="text-align: center;">N/A</p>
<p>10. Audits and/or Ethics Standard Setting</p>	<p>10.1 If the Member has the responsibility for <u>Audit and/or Ethics Standard Setting</u>, please indicate whether this responsibility is undertaken directly or through oversight of Audit and/or Ethics Standard Setting conducted by another organization?</p> <p><input type="checkbox"/> Directly <input checked="" type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</p> <p>If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also, give a description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</p> <p>Based on the Indonesia Public Accountant Act, only the Institut Akuntan Publik Indonesia (IAPI) is acknowledged by the Minister of Finance as the professional body for public accountants. The IAPI has the mandate to draft and issue the professional standards, organize the profession examinations, conduct the Continuous Professional Education (CPE) program, conduct quality reviews on its members. IAPI has to report its activities to the Minister on an annual basis. IAPI is the association of Public Accountant in Indonesia.</p> <p>PPPK oversee the IAPI activity through IAPI reports. PPPK and IAPI may have dialogue or discussion about initiatives or concern i.e. new standard adoption and/or implementation, new IAPI's program initiatives, IAPI reviews to its members etc.</p>
<p>11. Permanent Education / Continuous Training of Auditors</p>	<p>11.1 If the Member has the responsibility for <u>Permanent Education / Continuous Training of Auditors</u>, please indicate whether this responsibility is undertaken directly or through oversight of Permanent Education / Continuous Training of Auditors conducted by another organization?</p> <p><input type="checkbox"/> Directly <input checked="" type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</p> <p>If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also, give a description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</p>

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12. Enforcement	<p>12.1 If the Member has the responsibility for <u>Enforcement</u>, please indicate whether this responsibility is undertaken directly or through referral to other organization(s)?</p> <p><input checked="" type="checkbox"/> Directly <input type="checkbox"/> Through Referral</p> <p>If directly, please describe the responsibility and procedures applied (including investigations, disciplinary actions or sanctions), as well as the reporting process for disciplinary action.</p> <p>If through referral, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also, give a description of the enforcement powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</p> <p>Based on the Indonesia Public Accountant Act, the Minister of Finance has the authority to impose administrative sanctions on public accountants and its firms. On behalf of the Minister, PPPK conduct the supervision and enforcement on public accountants and its firms.</p>
13. Other Responsibilities in Audit Oversight or Audit Regulation	<p>13.1 If the Member has the responsibility for <u>other tasks within the area of Audit Oversight or Audit Regulation</u>, please describe with an appropriate level of detail:</p> <p>Minister c.q. PPPK has mandate to regulate Public Accountants and Firms through forming government regulation and/or minister regulation. The Minister decree regulates PA and its firms e.g. License requirements, minimum CPE hours required, and audit rotation.</p>

14. Main Other Responsibilities of the Member <u>outside</u> the area of Audit Oversight or Audit Regulation	<p>14.1 Please describe with an appropriate level of detail, the responsibility of the Member for <u>tasks outside the area of audit oversight or audit regulation</u> such as supervision of financial reporting or securities regulation:</p> <p>Besides as audit regulator, PPPK is the regulator for other Finance Professions, which are Valuer, Actuary, and Accountant.</p>
15. Member Update for public information (if any)	<p>15.1 Are there any major news, activities, events or updates (on audit matters, the Member's organization, the governing legislation or the authority/responsibilities) that you wish to keep the public informed of since completing last year's Member Profile?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes, please describe these changes with an appropriate level of detail:</p> <p>PPPK Indonesia has hosted the 2024 IFIAR Inspection Workshop on 7 to 9 March 2023 in Nusa Dua Bali.</p>