



## IFIAR 2017 Member Profile – PPPK

<b>1. Jurisdiction</b>	<b>1.1 Insert the name of the jurisdiction in English:</b>  Republic of Indonesia
<b>2. Member<sup>1</sup></b>	<div style="border-bottom: 1px solid black; padding-bottom: 10px;"> <b>2.1 Insert the name of the Member, both in the local language and in English:</b>           Pusat Pembinaan Profesi Keuangan (PPPK)          Finance Professions Supervisory Center       </div> <div style="padding-top: 10px;"> <b>2.2 Include relevant contact information, including postal address, telephone numbers, a link to the website and other relevant information:</b>           Pusat Pembinaan Profesi Keuangan, Ministry of Finance,          Djuanda 2 Tower Fl. 19-20          Wahidin Raya Number 1          Jakarta 10710          Indonesia.          Phone: +62-21-3843237          Fax: +62-21-3508573  <a href="http://www.pppk.kemenkeu.go.id">www.pppk.kemenkeu.go.id</a> </div> <div style="padding-top: 10px;"> <b>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:</b>   <ul style="list-style-type: none"> <li>- Law number 5 year 2011 concerning Public Accountant;</li> <li>- Government Regulation number 20 year 2015 concerning Public Accountant Practices</li> <li>- Finance Minister Regulation number 17/PMK.01/2008 concerning Public Accountant Services.</li> </ul> </div>

<sup>1</sup> 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>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> <p>According to article 51 of Law No. 5/2011, the MoF c.q. PPPK holds the authority of inspecting all public accountants (PAs) and public accountant firms (PAFs). The inspection include 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> <hr/> <p><b>2.4 Have there been any major changes to the Member's organization or to the governing legislation since completing last year's Member Profile?</b></p> <p><input type="checkbox"/> Yes                      <input checked="" type="checkbox"/> No</p> <p><b>If yes, please describe these changes with an appropriate level of detail:</b></p>
<p><b>3. Governing Body Composition and members</b></p>	<p><b>3.1 Describe with an appropriate level of detail the current composition of the Member's governing body, including the ratio between Board members who are independent from the audit profession and those who are not. The audit profession includes, for example: audit firms, professional accountancy bodies and bodies or entities associated with the audit profession.<sup>2</sup></b></p> <p>PPPK is a special mission unit administratively under the Secretariat General of the Ministry of Finance. The Head of PPPK is appointed by the Finance Minister. Our current Head is Mr. Langgeng Subur</p>

<sup>2</sup> For the purpose of this Member Profile, the audit profession does not include an individual who is a CPA, Chartered Accountant, or holder of another equivalent qualification, as long as this individual is not employed by or affiliated to a registered audit firm, nor employed by or affiliated to of a professional accountancy body, nor employed by or affiliated to bodies or entities associated with the audit profession.



	<p><b>3.2 What are the eligibility criteria / requirements and composition requirements for the members of the governing body?</b></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>
	<p><b>3.3. Is each member of the governing body independent from the audit profession? The audit profession includes, for example: audit firms, professional accountancy bodies and bodies or entities associated with the audit profession.<sup>3</sup></b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p>
	<p><b>3.4 If the answer to question 3.3 is "No", is the majority of the members of the governing body non-practitioner?</b></p> <p><input type="checkbox"/> Yes                      <input type="checkbox"/> No</p>
	<p><b>3.5 If the answer to question 3.3 is "No", which safeguards are in place to provide for the Member's overall independence from the audit profession?</b></p>
	<p><b>3.6 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?</b></p> <p><input type="checkbox"/> Yes                      <input checked="" type="checkbox"/> No</p> <p><b>Does this include a "cooling-off" period for former auditors?</b></p> <p><input type="checkbox"/> Yes                      <input checked="" type="checkbox"/> No</p> <p><b>If yes to either of the above, please describe:</b></p>

<sup>3</sup> Ibid.



	<p><b>3.7 Other than the governing body, are members of the profession involved in the Member's organization (e.g., in a management or inspection function)?</b></p> <p><input type="checkbox"/> Yes                      <input checked="" type="checkbox"/> No</p> <p><b>If yes, please describe their role with an appropriate level of detail:</b></p>
<p><b>4. Funding Arrangements</b></p>	<p><b>4.1 Describe the main funding arrangements of the Member, including the setting and approval of the budget and the fees, if any:</b></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><b>4.2 Is the funding free from undue influence by the profession?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>Please describe with an appropriate level of detail the safeguards in place to prevent undue influence by the profession:</b></p> <p>Our funding are secured by the State Budget which has been approved by the House of Representatives.</p>
<p><b>5. Inspection System</b></p>	<p><b>5.1 Does the Member have the responsibility for recurring inspections of audit firms undertaking audits of public interest entities (PIEs)?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>5.2 Is this responsibility undertaken directly or through oversight of inspection conducted by another organization?</b></p> <p><input checked="" type="checkbox"/> Directly                      <input type="checkbox"/> Through Oversight</p> <p><b>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:</b></p> <p><b>5.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:</b></p> <p>PPPK conducts regular and investigative inspections to obtain reasonable confidence that auditors and audit firms are in compliance with relevant</p>



	<p>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 other audit firms.</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>
<b>6. Audit and Financial Market</b>	<p><b>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.</b></p> <p>As 14 March 2017, there are 1239 licensed public accountants and 406 audit firms in Indonesia. In 2016, PPPK conducted inspection on 60 audit firms and 85 public accountants.</p> <p><b>6.2 What are the sizes and market shares of each of the largest audit firms in the Member's jurisdiction?</b></p> <p>The size and market share of the Big-4-affiliated audit firms (Deloitte, EY, KPMG, PwC) is around 80% of the total listed companies in Indonesia.</p>
<b>7. Main Other Responsibilities of the Member <u>within</u> the area of Audit Oversight</b>	<p><b>7.1 Please indicate whether the Member has responsibility for tasks other than Inspections within the area of Audit Oversight:</b></p> <p> <input checked="" type="checkbox"/> Registration/Licensing  <input checked="" type="checkbox"/> Audit and/or Ethics Standard Setting  <input checked="" type="checkbox"/> Permanent Education of Auditors  <input checked="" type="checkbox"/> Enforcement  <input checked="" type="checkbox"/> Other: <u>_setting policy and regulation for Public Accountants and Firms_____</u> </p> <p><b>7.2 If the Member has the responsibility for <u>Registration/Licensing</u>, please indicate whether this responsibility is undertaken directly or through oversight of Registration/Licensing conducted by another organization?</b></p> <p> <input checked="" type="checkbox"/> Directly                      <input type="checkbox"/> Through Oversight         </p> <p>If directly, please describe the responsibility with an appropriate level of detail. If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the</p>



	<p><b>audit profession<sup>4</sup> are involved in decision-making). 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.</b></p> <p>Ministry of Finance issues public accountant licence to successful applicants that met the requirements set in Public Accountant Law. Those requirements are, among others, achieving CPA Indonesia, sufficient professional experience, and member of professional association.</p> <hr/> <p><b>7.3 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?</b></p> <p><input type="checkbox"/> Directly <input checked="" type="checkbox"/> Through Oversight</p> <p><b>If directly, please describe the responsibility with an appropriate level of detail. If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession<sup>5</sup> 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.</b></p> <p>According to Public Accounting Law, PPPK delegated Audit and/or Ethics Standard Setting to professional institutions (Indonesian Institute of Certified Public Accountant)</p> <hr/> <p><b>7.4 If the Member has the responsibility for <u>Permanent Education of Auditors</u>, please indicate whether this responsibility is undertaken directly or through oversight of Permanent Education of Auditors conducted by another organization?</b></p> <p><input type="checkbox"/> Directly <input checked="" type="checkbox"/> Through Oversight</p> <p><b>If directly, please describe the responsibility with an appropriate level of detail. If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession<sup>6</sup> 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.</b></p>
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<sup>5</sup> Ibid.

<sup>6</sup> For the purpose of this Member Profile, the audit profession does not include an individual who is a CPA, Chartered Accountant, or holder of another equivalent qualification, as long as this individual is not employed by or affiliated to a registered audit firm, nor employed by or affiliated to of a professional accountancy body, nor employed by or affiliated to bodies or entities associated with the audit profession.



	<p>According to Public Accounting Law, PPPK delegated Continuing Professional Development for Public Accountants and Auditors to professional institutions (Indonesian Institute of Certified Public Accountant)</p> <hr/> <p><b>7.5 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)?</b></p> <p><input checked="" type="checkbox"/> Directly                      <input type="checkbox"/> Through Referral</p> <p>If through referral, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession<sup>7</sup> 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> <hr/> <p><b>7.6 If the Member has the responsibility for other tasks within the area of Audit Oversight, please describe with an appropriate level of detail:</b></p> <p>PPPK is responsible to setting policy regarding Public Accountants and Firms, e.g. License requirements, CPD hours requirements, and audit rotation.</p>
<p><b>8. Main Other Responsibilities of the Member <u>outside</u> the area of Audit Oversight</b></p>	<p><b>8.1 Please describe with an appropriate level of detail whether the Member has responsibility for tasks outside the area of audit oversight such as Supervision of Financial Reporting or Securities Regulation:</b></p> <p>Beside as audit regulator, PPPK is the regulator for other Finance Professions, like Valuer, Actuary, and Accountant.</p>
<p><b>9. Major Events and Activities</b></p>	<p><b>9.1 Describe any recent major events and activities:</b></p> <p>Following IFIAR initiatives on inspection finding reduction, PPPK Indonesia with other AARG (Asean Audit Regulator Group) members, which are ACRA Singapore, AOB Malaysia, and SEC Thailand, are committed to decrease 25% inspection findings on 2020 with 2015 as based year.</p>

<sup>7</sup> Ibid.

