

## **BACKGROUND NOTE ON ACTION PLANS**

Action Plans are developed by IFAC members and associates to address policy matters identified through their responses to the IFAC Compliance Self-Assessment Questionnaire. They form part of a continuous process within the IFAC Member Body Compliance Program to support the ongoing development and improvement of the accountancy profession around the world.

Action Plans are prepared by members and associates for their own use based on the national frameworks, priorities, processes and challenges specific to each jurisdiction. As such, they will vary in their objectives, content and level of detail, consistent with their differing national environments and stages of development, and will be subject to periodic review and update.

Refer to responses to the Part 1 Assessment of the Regulatory and Standard-Setting Framework Questionnaire and Part 2 SMO Self-Assessment Questionnaire for background information on each member and associate their environment and existing processes. These responses may be viewed at: [http://www.ifac.org/ComplianceAssessment/published\\_surveys.php](http://www.ifac.org/ComplianceAssessment/published_surveys.php)

### **Use of Information**

Please refer to the Disclaimer published on the Compliance Program website.

## **ACTION PLAN**

<b>IFAC Member/Associate:</b>	Indonesian Institute of Accountants (Ikatan Akuntan Indonesia – IAI)
<b>Approved by Governing Body:</b>	National Council of IAI
<b>Original Published Date:</b>	July 2009
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## **GLOSSARY**

<b>BAPEPAMLK</b>	Indonesian Capital Market and Financial Institution Supervisory Agency
<b>BPK</b>	Supreme Audit Board
<b>BRM</b>	Badan Review Mutu (Board of Quality Review)
<b>CPA</b>	Certified Public Accountants
<b>CPD</b>	Continuing Professional Development
<b>CPE</b>	Continuing Professional Education
<b>DSAK</b>	Dewan Standar Akuntansi Keuangan (Indonesian Financial Accounting Standards Board)
<b>DSP</b>	Dewan Standar Profesi (Professional Standards Board)
<b>GAAP</b>	Generally Accepted Accounting Principle
<b>I &amp; D</b>	Investigation and Discipline
<b>IAASB</b>	International Auditing and Assurance Standards Board
<b>IAI</b>	Ikatan Akuntan Indonesia (The Indonesian Institute of Accountants)
<b>IAESB</b>	International Accounting Education Standards Board
<b>IAPI</b>	Institut Akuntan Publik Indonesia (The Indonesian Institute of CPA-Association member of IAI)
<b>IES</b>	International Education Standards
<b>IESBA</b>	International Ethics Standards Board for Accountants
<b>IFAC</b>	International Federation of Accountants
<b>IFRS</b>	International Financial Reporting Standards
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>ISA</b>	International Auditing Standards
<b>ISQC</b>	International Standards on Quality Control
<b>KERPPA</b>	Committee on Evaluation and Recommendation of Professional Accounting Education
<b>KSAP</b>	Komite Standar Akuntansi Pemerintah (the Indonesian Government Accounting Standards Committee)
<b>MoF</b>	Ministry of Finance
<b>PPAJP</b>	Center for Supervision of Accountants and Appraiser Services MoF
<b>PPAK</b>	Professional Accounting Education
<b>PMK</b>	The Minister of Finance Regulation
<b>PRM</b>	Pelaksana Review Mutu ( Quality Review Committee)
<b>PSAK</b>	Pernyataan Standar Akuntansi Keuangan (Indonesian Financial Accounting Standards)
<b>SPM</b>	Quality Assurance Standards
<b>SRA</b>	State Registered Accountant
<b>QR</b>	Quality Review

**Action Plan Subject:** SMO 1 and Quality Assurance (QA)

**Action Plan Objective:** Further Development of the Quality Assurance Review System

#	Starting Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>Generally, there are 2 (two) bodies that are responsible for conducting quality assurance (QA) activities on the works of public accountants practicing in Indonesia, namely PPAJP (Center for Supervision of Accountants and Appraiser Services Ministry of Finance of the Republic of Indonesia) and Institut Akuntan Publik Indonesia (IAPI) (the Indonesian Institute of CPA-association member of the Indonesian Institute of Accountants/IAI).</p> <p>The mandate to do so is provided by the Public Accountant Law No. 5/2011.</p> <p>Although they appear similar, the objectives and approaches are quite different. QA activities performed by PPAJP are mainly performed for monitoring and supervisory purposes. The focus of the activities is the working papers related to audit engagements done by the public accountants who are being examined, whether or not they support the engagements and comply with the professional (auditing and accounting) standards.</p> <p>The activities performed by IAPI are mainly done for constructive development purposes on the quality of the audit engagement system performed by members of IAPI. The QA activities then, are focused on the design and on the implementation of quality assurance guidance developed by each member's firm. The audit engagement's working papers are reviewed, on sample basis, to see their level of implementation of the QA guidance (Quality Assurance Standards (SPM)) established by the firm.</p> <p>Besides the Public Accountant Law No. 5, QA is also regulated in the Decree of Minister of Finance (PMK) No. 17/2008. Certain things, such as the obligation for each firm to develop its own QA guidance, recording audit hours and so on are included in the regulation. Under PMK 17/2008, specific to IAPI members whose firms are members of or affiliated with international or foreign firms/organizations, is a requirement for members to be subject QA review by their head offices/principal firms/organizations at least once every 4 (four) years.</p> <p>Based on the Capital Market Law No 8/1995, specific to IAPI members who have performed audit engagements for listed companies,</p>					

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<p>those members are also subject to be QA reviewed by the Capital Market and Financial Institution Supervisory Agency (BAPEPAM &amp; LK).</p> <p>Likewise, the Supreme Audit Board (BPK) has been given an authority by the State Finance Law No. 17/2003 and by the BPK Regulation No. 1/2008, to review the works performed by IAPI members if those members conduct audit engagements, on behalf of BPK, on public sector entities (state-owned enterprises for instance).</p>					
<p><i>Review and Update Quality Review (QR) Guidelines</i></p>					
1.	September 2007	<p>The Ikatan Akuntan Indonesia (Indonesian Institute of Accountants) (IAI) (IAPI) Board of Quality Review will review QR Guidelines which are amended to comply with the requirement(s) from IFAC.</p> <p>The revised QR Guidelines comprises of the following:</p> <ul style="list-style-type: none"> <li>- Objectives</li> <li>- Timing and Scope</li> <li>- Coverage</li> <li>- Selection and Composition of Review Team</li> <li>- The Approach to be Taken by QR</li> <li>- QR checklists and forms.</li> <li>- Others</li> </ul> <p>Important revisions made on QR guidelines:</p> <ul style="list-style-type: none"> <li>- Change in the review cycle</li> </ul>	December 2008 Completed	Head of IAPI and Board of Quality Review	Meetings

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		<p>period, from 4 years to 3 years (to try to conform with the IFAC policy).</p> <ul style="list-style-type: none"> <li>- Risk assessment is included in the selection of the firm and in the engagement to be reviewed, considering inherent risk, previous review risks and the involvement of an expert or a specialist in reviewing a high-risk or very specialized area.</li> </ul> <p>The policy on qualifications of the Head of Quality Reviewer Task Force (Head of Pelaksana Review Mutu (PRM)) is described as follows: an experienced partner in a public accounting firm, possess adequate knowledge in audit methodology, ethics, independence, QR policies and procedures, as well as the prevailing accounting standards.</p> <p>In case where IAI (IAPI) uses outside advisors or an ad- hoc team to perform all or part of the QR tasks, IAI (IAPI) will take overall responsibility for the program and will ensure it meets the requirement of the QR Guidelines.</p>			

#	Starting Date	Actions	Completion Date	Responsibility	Resource
		IAI (IAPI) will recruit 2 (two) additional reviewers with qualifications equal to an experienced audit manager to strengthen the Quality Review Task Force.			
2.	December 2008	The IAI (IAPI) caretakers are to approve the revised guidelines in their meeting on December 2008.	December 2008 Completed	Head of IAPI and Board of Quality Review	Meetings.
3.	December 2008	IAI (IAPI) will enhance and update the reviewers' skill and knowledge by having them participate in appropriate and relevant training programs.	January 2010 Completed  This initiative will be ongoing hereafter	Head of PRM	Training & development costs. Human resources (internal resources included in the Badan Review Mutu (Board of Quality Review) (BRM) budget and extra internal resources that are necessary to be obtained from alternative sources such as from the World Bank or Asian Development Bank).
4.	April 2011	Map the differences and the similarities of QR Guidance, ISQC, Quality Assurance Standards (SPM).	May 2011 Completed	Head of PRM	Internal resources including BRM, PRM.
5.	May 2011	Participate in revising IAPI articles of association in relation to Quality Review to comply with the new Public Accountants Law No. 5 Year 2011.	Ongoing	BRM	BRM, PRM, IAPI ad hoc team.

#	Starting Date	Actions	Completion Date	Responsibility	Resource
6.	June 2011	Review the current QR Guidance and Procedures. Revise the guidance and procedures as necessary to accommodate the revised articles of association.	Ongoing	Head of PRM	Internal resources including BRM, PRM.
<i>Maintaining Ongoing Processes</i>					
7.	December 2008	Start the recruitment and selection process for the Head and members of Quality Reviewer (PRM). Since March 2009, IAI (IAPI) has recruited the Head of Quality Reviewer, an experienced audit partner with CPA qualification.	March 2009 Completed	Head of IAPI and Board of Quality Review	Human resources (internal resources included in the BRM budget and extra internal resources that are necessary to be obtained from alternative sources such as from the World Bank or Asian Development Bank).
8.	February 2009	Begin regular quality review process using an ad-hoc review team consisting of partners and managers from reputable accounting firms (member of the widely known international firms).	January 2011 Completed  This initiative will be ongoing hereafter	Head of PRM	Review Team. Human resources (internal resources included in the BRM budget and extra internal resources that are necessary to be obtained from alternative sources such as from the World Bank or Asian Development Bank).

<b>#</b>	<b>Starting Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
9.	March 2009	Continue to ensure that the IAI (IAPI) QR program operates effectively and is consistently in line with IFAC requirements (SMO1). This includes periodic reviews on the operations of the QR system and updating the Action Plan for future activities where necessary.	January 2011  Completed  This initiative will be Ongoing hereafter	Board of Quality Review and Head of PRM	Review Team. Meetings.
10.	June 2011	Cooperate with the Ministry of Finance (PPAJP division) to share database regarding the current profiles of practicing public accountants in Indonesia and to avoid overlapping reviews.	Ongoing	BRM	BRM, PRM and PPAJP (division of the Ministry of Finance).
11.	July 2011	Develop our own database of public accountants profile in Indonesia for quality review sampling purposes.	Ongoing	Head of PRM	Internal resources including BRM, PRM.
12.	June 2011	Develop computer software programs to support fieldwork and reporting processes.	August 2011	PRM team	External resource (programmer consultant).
13.	July 2011	Communicate with the IAPI Board of Professional Standards (DSP) in order to ensure the quality assurance standards (SPM) to be in line with quality review guidance and procedures.	August 2011	BRM	BRM, PRM and DSP.

<b>#</b>	<b>Starting Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
14.	January 2012	Recruit more professional reviewers.	February 2012	Head of PRM	Internal resources including BRM, PRM.
15.	May 2011	Enhance and update the reviewers' skill and knowledge.	Ongoing	Head of PRM	Internal and external training.
16.	July 2011	On a regular basis, perform quality assurance review upon the members of IAPI (selected as sample). The Board has performed quality review to 15 members.	Ongoing	BRM and PRM	BRM, PRM and ad-hoc Review-Team.
17.	September 2011	Promote the quality assurance objectives and results to the members of IAPI.	December 2011	BRM	BRM, PRM and IAPI Education & Training Division.
<i>Review of IAI Compliance Information</i>					
18.	December 2008	Perform periodic reviews of IAI response to the IFAC Compliance Self Assessment questionnaires and update sections that are relevant to SMO1 as necessary. If the sections have been updated, IAI will inform IFAC Compliance staff about the update(s) in order for the Compliance staff to publish the updated information.	Ongoing	BRM and PRM	Internal resources including BRM, PRM.

**Action Plan Subject:** SMO 2 and International Education Standards (IESs)  
**Action Plan Objective:** Ensure that IAI Professional Accountancy Education Requirements Meet the Obligations of SMO2

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>The Accountant Title Law No. 5 year 1954 sets forth the requirements for becoming an accountant. Effective September 1, 2004, only those who graduate in accounting (with a minimum of 144 credit units) and undertake the Professional Accounting Education Program (comprising 20-40 credit units) conducted by accredited universities, may earn an “accountant designation” and obtain a State Registered Accountant (SRA) Certificate.</p> <p>A university or college must be recommended by the IAI and licensed by the Ministry of Education in order to deliver the Professional Accounting Education Program. The IAI-formed Committee on Evaluation and Recommendation of Professional Accounting Education (KERPPA) reviews the recommended PPAk program. Based on KERPPA recommendations, the Directorate of Higher Education endorses the PPAk program at the respective university. The university must also comply with the KERPPA-approved syllabus. Furthermore, IAI-organized admission tests for entry into PPAk programs are held at all participating universities using KERPPA-prepared materials. The PPAk program covers accounting and auditing standards, taxation, professional ethics, capital market and financial management, and management accounting. No further education or training is required of the accountants unless they wish to practice as auditors.</p> <p>Under IAI membership requirements, members must comply with Continuing Professional Development (CPD) requirements. For a CPA in public practice, the total of 30 CPD credits per year must be obtained. When a CPA is not in public practice, he/she is required to undergo a minimum 15 credits of CPD.</p> <p>All public accountants must submit statements regarding their realized CPD credits during a year to the Ministry of Finance before the end of January of the subsequent year. The IAI and IAPI organize training programs to enable their members to comply with the CPD requirements.</p>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Continue To Ensure Compliance with SMO 2 Requirements</i>					
19.	Ongoing	Monitor new and revised standards from the International Accounting Education Standards Board (IAESB) and inform members of the IAESB pronouncement.	3 month after the issuance of new standard	Executive Director & Head of Academics Compartments	IAI Staff
20.	Ongoing	Ensure that new and revised standards on financial reporting, auditing and ethics are incorporated into IAI training and education requirements.	6 months after the issuance of new and revised standards	Director of Education	IAI Staff
21.	Ongoing	Review the existing curriculum & syllabus for professional accountancy education program for responding to IES, International Auditing Standards (ISA), International Financial Reporting Standards (IFRS) and updating on issuance of new standards, ethical standards, etc.	Annually	Head of Academics Compartments	IAI Staff
22.	January 2009	Revise reference & text books based on IFRS.	December 2009 Completed  This initiative will be ongoing hereafter	Head of Academics Compartments	IAI Staff
23.	June 2007	Conduct workshops & seminars to update curriculum & syllabus for accounting education program.	April 2008 Completed	Director of Education	IAI Staff

*Action Plan Developed by  
Indonesian Institute of Accountants (Ikatan Akuntan Indonesia – IAI)*

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
24.	2009	Coordinate with the Ministry of Education and the Education National Standards Board to implement the Indonesian Accounting Education Standards for the accountant profession.	This initiative will be ongoing hereafter	Head of Academics Compartments	IAI Staff
25.	September 2008	Prepare draft of the Indonesian Accounting Education Standards for the accountancy profession based on IES 2.	December 2008 Completed	Head of Academics Compartments	IAI Staff
26.	February 2009	Provide training to academics in relation to IFRS, research methodology, case study learning method & writing the published paper on international journal.	December 2009 Completed  This initiative will be ongoing hereafter	Director of Education	IAI Staff
27.	April 2009	Hold programs to create awareness about the international accreditation for higher education.	December 2010 Completed  This initiative will be ongoing hereafter	Head of Academics Compartments	IAI Staff
28.	June 2009	Conduct workshops on internalizing ethics in accounting curriculum.	June 2010 Completed  This initiative will be ongoing hereafter	Director of Education	IAI Staff

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
29.	Ongoing	Develop new format of Professional Accounting Education Program.	August 2011	Chairman of Evaluation & Recommendation of PPA	IAI Staff
30.	August 2011	Revise curriculum and syllabus of Professional Accounting Education Program.	December 2011	Chairman of Evaluation & Recommendation of PPA	IAI Staff
31.	July 2011	Revise reference & text books based on IFRS.	June 2012	Head of Academics Compartments	IAI Staff
32.	July 2011	Conduct workshops & seminars to update curriculum & syllabus for accounting education program.	June 2012	Director of Education	IAI Staff
33.	July 2011	Conduct workshops & seminars to socialize the Indonesian Accounting Education Standards for the accountant profession.	September 2012	Director of Education	IAI Staff
34.	July 2011	Build the Indonesian accounting education architecture for professional accountancy education, graduate level, under graduate, and vocation.	December 2012	Head of Academics Compartments	IAI Staff
<i>Promotion of Lifelong Learning</i>					
35.	Ongoing	Conduct various technical and non technical CPD relevant to the accountant profession. CPD events are organized in forms of seminars, workshops, short courses, and conferences.	Ongoing	Director of Education	IAI Staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
36.	Ongoing	Communicate regularly with members about the CPD requirements and the CPD courses via website, email campaign, IAI Magazine, brochures and Annual Catalog of training.	Ongoing	Director of Education	IAI Staff
37.	Ongoing	Facilitate access to CPD opportunities and resources for professional accountants as follows: <ol style="list-style-type: none"> <li>1. Set up new branches of IAI Knowledge Center</li> <li>2. Organize free CPD for members at IAI office and branches</li> </ol> Organize CPD program throughout the country with the support of IAI branches.	Ongoing	Director of Education	IAI Staff
<i>Maintaining Ongoing Processes</i>					
38.	Ongoing	Continue to monitor new and revised standards and incorporate them into accountancy education requirements and timely update education course and content to reflect new requirement.	Ongoing	Executive Director & Head of Academics Compartments	IAI Staff
<i>Review of IAI Compliance Information</i>					
39.	Ongoing	Perform periodic review of IAI Part 1 & 2 responses and update section relevant to SMO2 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to publish the updated information.	Ongoing	Executive Director	IAI Staff

**Action Plan Subject:** SMO 3 and International Auditing and Assurance Standards Board (IAASB) Pronouncements  
**Action Plan Objective:** Establishing and Implementing an Ongoing Convergence Process with IAASB Pronouncements

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>The Indonesian Institute of Certified Public Accountants (“IAPI”) is an association member of the Indonesian Institute of Accountants (“IAI”) and represents the only professional organization of public accountants in Indonesia. IAPI develops professional standards for public accountants in Indonesia (including establishing and implementing the convergence process with IAASB pronouncements) through one of its bodies called Professional Standards Board (“DSP”), as governed by Public Accountants Law No. 5 of 2011.</p> <p>IAPI is authorized to set and issue auditing standards for the accountants in public practice. In February 2008, through MoF regulation, IAPI is recognized as the professional public accountant organization. Auditors are required to comply with the Indonesian Public Accountant Professional Standards (<i>SPAP</i>) set by the IAPI.</p> <p>If there is a necessity to modify the international professional standards based on local professional and regulatory requirements, DSP will do so by following IFAC Policy Position (2006) regarding “A Guide for National Standards Setters that Adopt IAASB International Standards but Find it Necessary to Make Limited Modifications” (“IFAC Modifying Policy”).</p> <p>IAPI Plan is to adopt international professional standards by translating the standards, and if necessary, modifying some of provisions in the standards to comply with local professional and regulatory requirements. IFAC Modification Policy will be followed.</p> <p>The followings are the expected completion dates of the following international professional standards that the Professional Standards Board (Dewan Standar Profesi or “DSP”) of the Indonesian Institute of Certified Public Accountants-association member of IAI plans to adopt:</p> <ol style="list-style-type: none"> <li>a. ISQCs – completion date: 2012</li> <li>b. IFAEs – completion date: 2012</li> <li>c. ISAs and IAPSSs – completion date: 2012</li> <li>d. ISREs and IREPSs (if already issued by IAASB) – completion date: 2012</li> <li>e. ISAEs and IAEPSs (if already issued by IAASB) – completion date: 2012</li> <li>f. ISRSs and IRSPSSs (if already issued by IAASB) – completion date: 2012</li> </ol>					
<p><i>Ongoing Adoption And Implementation of IAASB Pronouncements</i></p>					
40.	January	Hire professional translators to assist in	Ongoing	DSP IAPI	DSP IAPI

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
	2009	translating the standards.			
41.	May 2009	DSP discuss and review the translation of the professional.	Ongoing. See above comments for expected completion dates of each respective international professional standards	DSP IAPI	DSP IAPI
42.	Starting July 2009 for ISQC and continue with other standards as we move along	The final version of the exposure drafts of translated standards are discussed by DSP and submitted to a consultative board within IAPI called Supervisory Board for comments and inputs.	See above comments for expected completion dates of each respective international professional standards	DSP IAPI	DSP IAPI
43.	Starting July 2009 for ISQC and continue with other standards as we move along	DSP discuss comments and inputs received from Supervisory Board and make necessary amendments, if any, to the exposure draft.	See above comments for expected completion dates of each respective international professional standards	DSP IAPI	DSP IAPI
44.	Starting	Conduct public exposure of the exposure	See above comments	DSP IAPI	DSP IAPI

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
	August 2009 for ISQC and continue with other standards as we move along	draft to the professional standards. Public exposure period should be no longer than 60 days according to DSP due procedures.	for expected completion dates of each respective international professional standards		
45.	Starting August 2009 for ISQC and continue with other standards as we move along	DSP discusses comments and inputs received from public exposure and make necessary amendments, if any, to the exposure draft.	See above comments for expected completion dates of each respective international professional standards	DSP IAPI	DSP IAPI
46.	Starting August 2009 for ISQC and continue with other standards as we move along	If necessary, conduct a public hearing or a limited hearing after the exposure period is over.	See above comments for expected completion dates of each respective international professional standards	DSP IAPI	DSP IAPI
47.	Starting	Final standards are ratified and issued by	See above comments	DSP IAPI	DSP IAPI

#	Start Date	Actions	Completion Date	Responsibility	Resource
	October 2009 for ISQC and continue with other standards as we move along	<p>DSP.</p> <p>IAPI Plan is to adopt international professional standards by translating the standards, and if necessary, modifying some of provisions in standards to comply with local professional and regulatory requirements. Therefore, we will follow IFAC Modification Policy.</p>	for expected completion dates of each respective international professional standards		
48.	Starting October 2009 for ISQC and continue with other standards as we move along	Disseminate the professional standards to public, including members of IAPI.	See above comments for expected completion dates of each respective international professional standards	DSP IAPI	DSP IAPI

#	Start Date	Actions	Completion Date	Responsibility	Resource
49.	Starting November 2009 for ISQC and continue with other standards as we move along	Once the standards are issued, the education division of IAPI will conduct socialization program through continued professional education programs to its members.	See above comments for expected completion dates of each respective international professional standards	DSP IAPI	DSP IAPI
<i>Maintaining Ongoing Processes</i>					
50.	Ongoing	Continue to use best endeavors to maintain ongoing process to adopt and implement IAASB Pronouncements. This includes updating the Action Plan for future activities where necessary.	Ongoing	DSP IAPI	DSP IAPI
<i>Review of IAI Compliance Information</i>					
51.	Ongoing	Perform periodic review of IAI responses to the IFAC Compliance Self-Assessment questionnaires and update section relevant to SMO 3 as necessary. Once updated, inform IFAC Compliance staff about the updates in order for the Compliance Staff to publish the updated information.	Ongoing	DSP IAPI	DSP IAPI

**Action Plan Subject:** SMO 4 and the International Ethics Standards Board for Accountants (IESBA) Code of Ethics  
**Action Plan Objective:** Align the IAPI Code with the IESBA Code of Ethics

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>The Indonesian Institute of Certified Public Accountants (“IAPI”) is an association member of the Indonesian Institute of Accountants (“IAI”) and represents public accountants in Indonesia. IAPI develops professional standards for public accountants (including the Code of Ethics for Public Accountants - the “Code of Ethics”) in Indonesia (including establishing and implementing the convergence process with IAASB pronouncements) through one of its bodies called the Professional Standards Board (“DSP”), as governed by Public Accountants Law No. 5 of 2011.</p> <p>In October 2008, IAPI issued the new Code of Ethics, which is effective as of January 1, 2010 and published in Indonesian language. This Code of Ethics was prepared based on the Code of Ethics for Professional Accountants issued by IESBA, as stated in IFAC Handbook – 2008 Edition. The Code of Ethics differs from the IESBA Code in that it covers only public accountants and not professional accountants in business. It also includes a clause related to re-audit.</p> <p>DSP plans to amend the existing Code of Ethics in order to align it with the existing Code of Ethics for Professional Accountants as issued by IESBA (as stated in IFAC Handbook – 2010 Edition), which is expected to be completed by 2012.</p>					
<p><i>Ongoing Adoption and Implementation of IESBA Code of Ethics</i></p>					
52.	August 2008	Discuss the exposure draft of the Code of Ethics in the Plenary Meeting of IAPI for approval.	Completed	DSP IAPI	DSP IAPI
53.	August 2008	Conduct public exposure of the exposure draft of the Code of Ethics.	Completed	DSP IAPI	DSP IAPI

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
54.	August 2008	If necessary, hold a public hearing or limited hearing.	Completed	DSP IAPI	DSP IAPI
55.	September 2008	DSP discuss any comments and input received from public exposure, public hearing, or limited hearing.	Completed	DSP IAPI	DSP IAPI
56.	October 2008	Final Code of Ethics is ratified by DSP.	Completed	DSP IAPI	DSP IAPI
57.	Starting April 2009	Publish the new Code of Ethics and disseminate the Code to IAI members and make it accessible to the public.  The document has been published through website of IAPI. Hard copy document will be made available.	At the latest September 2009	DSP IAPI	DSP IAPI
58.	Starting April 2009	Once the standards are issued, the education division of IAPI will conduct socialization programs through continued professional education programs to its members.	September 2009	DSP IAPI	DSP IAPI

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
59.	Ongoing	Monitor the changes made to the IESBA Code of Ethics and adopt the changes following the existing due process. In particular, monitor closely the IESBA work program and proposed revisions to the IESBA Code of Ethics so they can be incorporated by IAPI on a timely basis. This includes updating the Action Plan as necessary.	Ongoing	DSP IAPI	DSP IAPI
<i>Review of IAI Compliance Information</i>					
60.	Ongoing	Perform periodic review of IAI response to the IFAC Compliance Self-Assessment questionnaires and update sessions relevant to SMO 4 as necessary. Once updated, inform IFAC Compliance staff about the updates in order for the Compliance staff to publish the updated information.	Ongoing	DSP IAPI	DSP IAPI

**Action Plan Subject:** SMO 5 and International Public Sector Accounting Standards (IPSASs)

**Action Plan Objective:** Use Best Endeavors to Encourage the Introduction of IPSAS in Indonesia

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>The Government of the Republic of Indonesia calls for the urgency of executing good governance in managing the state finance to provide a better service for the people. For such determined reason, the government and the House of Representatives have introduced new law that affects state financial reform, i.e Law No. 17 year 2003 on State Finance, Law No. 1 year 2004 on State Treasury, Law No. 15 year 2004 on Audit of State Financial Management and Accountability, and Law No. 32 year 2004 on Local Government. Major changes introduced by these laws are, amongst others, the obligation of the central as well as local government to present financial statements and consequently, the need of Indonesian Government Accounting Standards as a basis for preparing and presenting such statement.</p> <p>The standards are prepared by the Indonesian Government Accounting Standards Committee (Komite Standar Akuntansi Pemerintah-KSAP), an independent committee that comprises accounting experts from the Indonesian Institute of Accountants, academics, government practitioners, and so forth. In drafting the standards, the KSAP refers to the International Public Sector Accounting Standards (IPSAS) and adapts them notably to the specific needs and peculiarities of the Government of The Republic of Indonesia in which the accounting basis is adapted from accrual basis to cash towards accrual basis.</p> <p>The Standards are promulgated under Government Regulation No. 24 year 2005, which was revised under Government Regulation No. 77 year 2010.</p> <p>IAI uses best endeavors to encourage the use of IPSASs in formulation of Indonesian Government Accounting Standards by Indonesian Government Accounting Standards Board.</p>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Promote the Use of IPSAS</i>					
61.	Ongoing	Notify members of IPSAS document, including exposure drafts and encourage comments.	Ongoing	Executive Director	IAI Staff
62.	January 2011	Undertake a comparative study of extent to which IPSAS requirements are already include in Indonesian public sector standards through IAI Public Sector Compartment.	December 2011	Executive Director	IAI Staff
63.	Ongoing	Conduct seminars, dialogues and workshops related to Public Sector Accounting Standards and the implementation of IPSAS.	November 2011	Executive Director	IAI Staff
<i>Review of IAI Compliance Information</i>					
64.	Ongoing	Perform periodic review of IAI response to the IFAC compliance self assessment questionnaires and update section relevant to SMO 5 and when necessary. Once updated inform IFAC compliance staff about the updates in order for the compliance staff to publish the updated information.	Ongoing	National Council of IAI	IAI Staff

**Action Plan Subject:** SMO 6 and Investigation and Discipline (I&D)

**Action Plan Objective:** Strengthen Investigation and Discipline Systems to Meet the Requirements of SMO6

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>With the prevalence of the Public Accountants Law Number 5 Year 2011 dated May 3, 2011, the DKP identified the need to review I&amp;D mechanisms and to make necessary revisions to comply with the new law.</p> <p><b>PROCESS</b></p> <ol style="list-style-type: none"> <li>1. Prior to processing a complaint from the public, DKP shall verify that the complaint meets all of the requirements below:               <ol style="list-style-type: none"> <li>a. In written form and supported by evidence;</li> <li>b. Clear name and address of the party who renders the complaint;</li> <li>c. Clear name of the IAPI member and his/her office;</li> <li>d. The substance of the complaint is about violation of ethical and or auditing standards;</li> <li>e. The submission date of the complaint is not longer than 3 years after the date of the auditors' report.</li> </ol> </li> <li>2. Further necessary information may be requested regarding the complaint.</li> <li>3. If the complaint fulfills the above requirements, DKP will invite the complainant for investigation purposes and to collect evidence.</li> <li>4. After the investigation, DKP usually forms an investigation team comprising of experts or BRM to investigate and or review the IAPI member.</li> <li>5. Based on the evidences and information obtained from the investigation team and or BRM, DKP will issue a preliminary conclusion and send it to the IAPI member.</li> <li>6. The member may raise an objection on the preliminary conclusion drawn by DKP and provide additional evidence. Meetings can be arranged to hear defense from the IAPI member.</li> <li>7. Based on the updated evidences and information, DKP will issue a decision letter which will be sent to the IAPI member and the Head of IAPI.</li> </ol>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p>8. The IAPI member may raise an objection to Supervisory Board on the decision letter issued by DKP.</p> <p><b>STRUCTURE</b> DKP consists of one head and four members, who are (were) senior partners from small, medium and big public accounting firms in Indonesia.</p> <p><b>SANCTIONS</b> Sanctions may be imposed to the IAPI member, in the forms of (but not limited to) the following:</p> <ol style="list-style-type: none"> <li>1. Written warning, with embedded requirement to undertake additional hours of CPE and or not to perform specific professional services;</li> <li>2. Suspension of IAPI membership;</li> <li>3. Termination of IAPI membership.</li> </ol>					
<i>Updating Investigation and Discipline System</i>					
65.	1Q 2009	Review SMO6 and determine the aspects of SMO6 which are absent in I&D programs. Develop a paper proposing the changes to be made in DK.	Completed in June 2009	DKP	DKP
66.	2Q 2009	Promote the changes to the IAI (IAPI) members and follow up this process.	Completed in June 2009	DKP	DKP
67.	3Q 2009	Implementing the adopted policies.	Has implemented since September 2009	DKP	DKP

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
68.	May 2011	Participate in revising IAPI articles of association in relation to I&D to comply with the new Public Accountants Law No. 5 Year 2011.	Ongoing	DKP	DKP
<i>Maintaining Ongoing Processes</i>					
69.	3Q 2009	Continue to ensure that IAI I&D disciplinary mechanism operates effectively and in line with SMO6 requirements. This includes review of existing mechanism and updating the action plan for future activities where necessary.	Completed	DKP	DKP
<i>Review of IAI Compliance Information</i>					
70.	3Q 2009	Perform periodic review of IAI response to the IFAC compliance self assessment questionnaires and update the sections relevant to SMO6 where necessary. Once updated, IAI will inform IFAC Compliance staff about the updates so the compliance staff may publish the updated information.	Ongoing	DKP	DKP

**Action Plan Subject:** SMO 7 and International Financial Reporting Standards (IFRS)  
**Action Plan Objective:** Continue to use Best Endeavors to Support Adoption and Implementation of IFRSs by the Indonesian Accounting Standards Board

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>The IAI is responsible for setting financial reporting standards in Indonesia. The IAI has established the Financial Accounting Standard Board (DSAK-IAI) with members representing the accountancy profession and various regulatory bodies in the country. The board is also developing financial reporting standards for non public entities. The IAI has also established the Syari’ah Accounting Standards Board (DSAS-IAI) for setting Syar’iah financial reporting standards in Indonesia.</p> <p>The Indonesian financial accounting standards or Pernyataan Standar Akuntansi Keuangan (PSAK) that are developed by the DSAK-IAI, are applicable for financial reporting by public companies, banks, and financial institutions. According to the Capital Market Law, the IAI-issued financial accounting standards are mandatory standards for all entities that fall under the supervisory purview of Bapepam dan LK. In addition, the law authorizes Bapepam dan LK, whenever necessary, to prescribe accounting regulations with respect to financial reporting by the participants in the Indonesian capital market. The Bank Indonesia requires all banks to comply with the financial accounting standards issued by DSAK-IAI.</p> <p>On 23 December 2008 The Indonesian Institute of Accountants as the professional body in Indonesia, mandated with promulgation of accounting standards, issued a formal statement announcing its plan to have Indonesian GAAP fully converged with the International Financial Reporting Standards (“IFRS”) by 1 January 2012. On 23 December 2009 the Indonesian Accounting Standard Board revised the objective of IFRS convergence, which was revising PSAK to reach material compliance with IFRS as of 1 January 2009 (include some IFRS minor update from 2009-2011), which will be effective in 2011/2012. Any significant changes on IFRS after 2009 will be subject of the board deliberation on the second IFRS project and those new IFRS will most likely be effective in Indonesia after 2013.</p> <p>By the end of May 2011, the Board revised all Indonesian GAAP in accordance with almost all IFRS except for IFRS 1 First Time Adoption of IFRS and IAS 41 Agriculture. As many as 16 new IFRS-based standards are effective as of 1 January 2011 while other 13 IFRS will be effective as of 1 January 2012.</p>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p>Standard development target: December 2011</p> <ol style="list-style-type: none"> <li>1. Update and revise pre-2011 Indonesian standards to comply with the newly adopted standards in 2011</li> <li>2. Revise all Indonesian standards in accordance with the new definitions and terms</li> <li>3. New numbering of Indonesian GAAP in accordance with IFRS</li> </ol> <p>Standard Development: 2012</p> <ol style="list-style-type: none"> <li>1. Study on the implementation of the new standards</li> <li>2. Develop new strategy for full adoption of IFRS</li> </ol>					
<i>To Provide Input to the Standard-setting Process by IASB</i>					
71.	November 2009	<p>On 4-5 November 2009, 20 countries in Asia and Oceania established Asia Oceania Standard Setters Group with main purpose as the regional body in advising IASB with issues and concerns in the region regarding IFRS adoption.</p> <p>IAI is actively involved in AOSSG working groups to provide regional inputs to IASB.</p>	Ongoing	The Indonesian Accounting Standard Board (IASB)	Technical Staff, Budget to send delegation to AOSSG meetings three times a year. The meeting venues are circulated among AOSSG members.
72.	2010	Attend AOSSG 2 <sup>nd</sup> meeting in Japan and active member in 5 working groups of AOSSG: Revenue, Consolidation, Leases (Co Lead), Islamic Finance, Insurance Contract.	29-30 September 2010	ASBJ (Accounting Standard Board of Japan)	
73.	May 2011	Host IFRS Regional Policy Forum, attended by 300 participants from 20 countries including IASB Chairman and members and trustee of IFRS Foundation.	25 May 2011	The Indonesian Accounting Standard Board And IFRS Foundation	

#	Start Date	Actions	Completion Date	Responsibility	Resource
74.	August 2011	Participate in the discussion at first Emerging Economics Group in Beijing, A working group set by IASB to provide input from emerging economy countries.	26 August 2011	Ministry of Finance of China.	Expert staff from the Association of Indonesian appraisals.
75.	September 2011	Attend World Standard Setters Conference in London, UK to provide input of IASB.	15-16 September 2011	IASB	Budget to send delegation and technical support.
76.	November 2011	Participate in the third AOSSG meeting in Sydney, Australia. Indonesia also expands its membership in Agriculture working group.	23-24 November 2011	AASB, Australia	Budget to send delegation and technical staff to develop comments
<i>To Assist with the IFRS Implementation</i>					
77.	2009	Recruit 5 expert staffs.	2010	Executive Director	
78.	2008	Ensure smooth transition to IFRS:  Prepare road map to convergence with IFRS, fixing the priority for revising certain existing accounting standards and issuing new accounting standards in compliance with IFRS prior to 2011.  Funds needed for convergence program with international accounting standards is Rp.7.5 billions.	2009 Completed	National Council & The Indonesian Accounting Standards Board	Task force, technical staff and member of The Indonesian Accounting Standards Board.
79.	Ongoing	Produce wide publicity of IFRS convergence process through press release, hosting on IAI website and magazine.	Ongoing	Executive Director	Technical Staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
80.	Ongoing	<p>Ensure smooth transition to IFRS:</p> <p>Liaise with industry associations for getting the industry ready for convergence with IFRS Look into the requirements of training the members in IFRS and to formulate ways to meet the requirements.</p> <p>Issue accounting guidelines, technical bulletins, and other publications to respond to the IFRS implementation challenges.</p>	Ongoing	National Council & The Indonesian Accounting Standards Board	Task force, technical staff and member of The Indonesian Accounting Standards Board.
81.	Ongoing	<p>Conduct various seminars on the impact of IFRS to the business to build awareness of the standards and support the implementation.</p> <p>From 2009-2010, IAI has held seminars regarding IFRS convergence, which were attended by approximately 7300 people from all over Indonesia.</p>	Ongoing	Executive Director	Technical Staff IAI-IFRS Implementation team
82.	March 2011	Capital Market Supervisory Agency (BAPEPAM LK) initiate to establish a coordination forum named National IFRS Implementation Task Force, consists of the government, policy makers, regulators and accounting profession. The main purpose of this forum is to ensure that the rules and regulations are in accordance with IFRS convergence progress.	Ongoing	National Council & The Indonesian Accounting Standards Board	Technical Staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
		The Indonesian Institute of Accountants is actively involved in this forum.			
<i>Maintaining Ongoing Processes</i>					
83.	Ongoing	Continue to use the best endeavors by identifying opportunities to further assist in the implementation of IFRS. This includes review of the existing activities and updating the Action Plan for the future activities where necessary. Awareness training and implementation support programs are continuing to be developed as publicly accountable enterprise work towards initial application of IFRS.	Ongoing	Executive Director	IAI Staff
84.	December 2011	Conduct survey, research or focus group discussions to assess the readiness of Indonesian companies in implementing IFRS.	June 2012	National Council	In cooperation with Indonesian Accounting Academics Compartment.  Research grant or research prize/competition

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of IAI Compliance Information</i>					
85.	Ongoing	Perform periodic review of responses to the IFAC compliance self assessment questionnaires and update section relevant to SMO 7 as necessary. Once updated, inform IFAC Compliance Staff about the updates in order for the compliance staff to publish the updated information.	Ongoing	Executive Director	IAI Staff