



***“STRENGTHENING & PROMOTING
SOUND FINANCIAL SYSTEM
WITH CONTRIBUTION FROM INTERNAL AUDIT”***

Prof. DR. Mardiasmo, MBA, Ak, CA, QIA, CFrA
Vice Minister of Finance – Republic Indonesia



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WHAT DO *WE LIVE FOR*

...for the good of *me*
or
for the good of *us...*

SOCIETY

INSTITUTION

...institution's objectives...

...societies' expectations...

...are we going to this point or further...

...societies' expectations...

INDIVIDUAL

...individual's objectives...

...to be *known as*

or

to be *remembered as...*

WHAT ARE WE *FIGHTING FOR* IS WHAT *WE WILL GET*



THE **ULTIMATE GOAL** OF EXISTENCE

...a **wider** perspectives may lead to a **bigger** result...

SOCIETY

..in recent times, internal auditor *has evolved to take a more comprehensive view – of the economics & social implications, especially on the government side, often termed “value-for-money”.*

ORGANIZATION

...societies’ expectations...

Value to Society

...organization’s objectives...

management

Internal audit

..in the traditional point of view, internal auditor is responsible for **setting the mechanism for assuring the use of organization’s resources – accountable & comply with the rules...**

..internal audit function might have been viewed as an integral part of management, a part of institution, a part of solution...

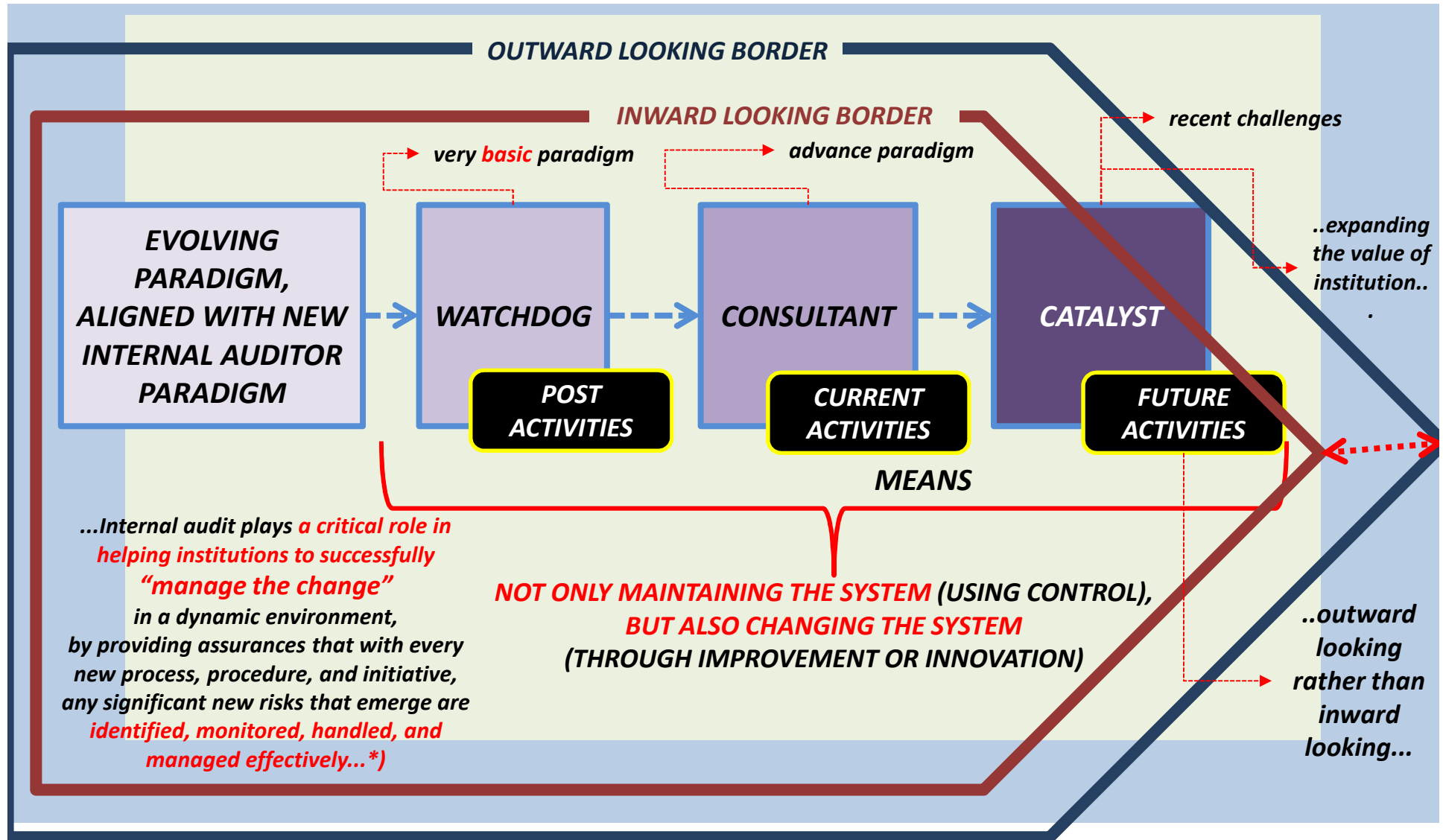
...internal audit must **support** management to reach **bigger result...**

- Management
- Internal Audit

MAXIMIZING VALUE TO SOCIETY



EVOLVING INTERNAL AUDITOR PARADIGM

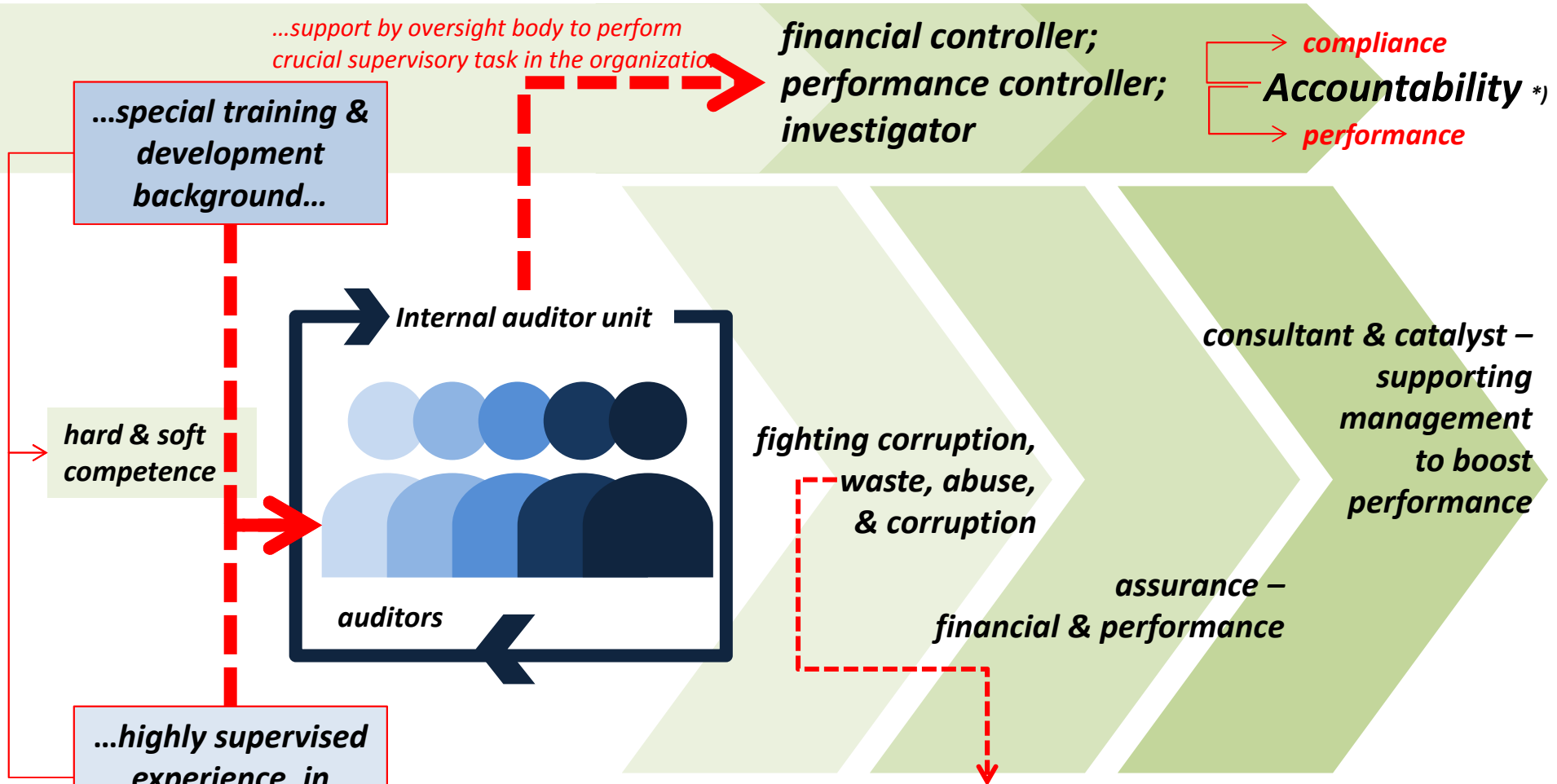


CREATING MORE VALUES TO INSTITUTION – TO BE MORE VALUABLE FOR SOCIETY

*) Adapted from <http://www.proviti.com/en-US/Pages/TheEvolving-Role-of-Internal-Audit-Managing-Risk-in-a-New-Economic-Environment.aspx>



FIGHTING FRAUD, WASTE, ABUSE, & CORRUPTION ^{*)}



“Whenever You - Inspector General - root out fraud, waste, or abuse, You increase the confidence of people in their Government”

*President George W. Bush, on the occasion of the 25th Anniversary of The Inspector General Act of 1978 (2003) ^{**)}*

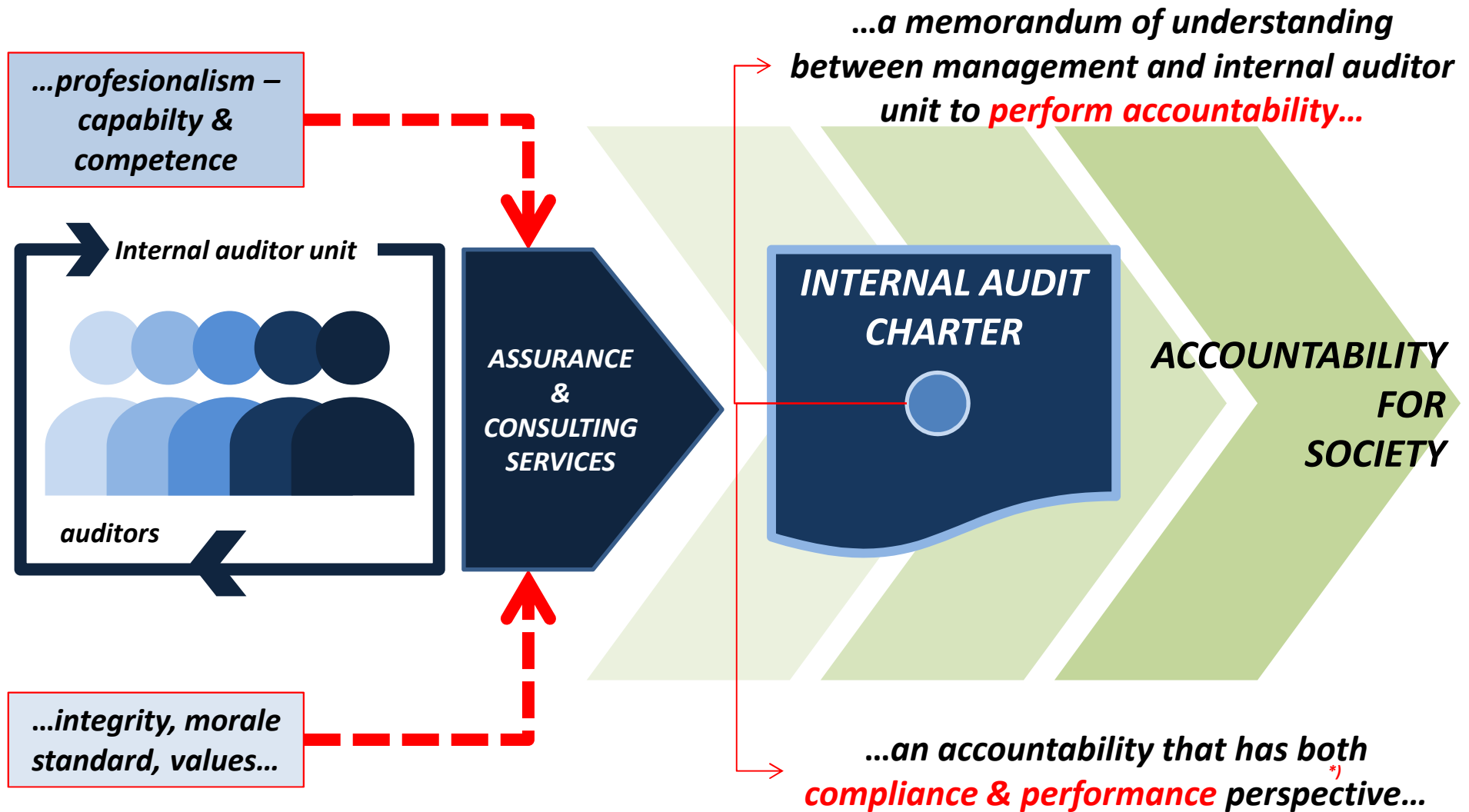
A VERY BASIC PARADIGM OF INTERNAL AUDITOR CREATING STAKEHOLDERS CONFIDENCE TO INSTITUTION ACCOUNTABILITY

^{*)} Feldman & Eichenthal, *The Art of Watchdog*, Excelsior, Albany, 2013

^{**)} *The Inspector General Handbook*, Schmitz, Center for Security Policy Press, Washington DC, 2013



A GOOD COLLABORATION, A GREAT PERFORMANCE



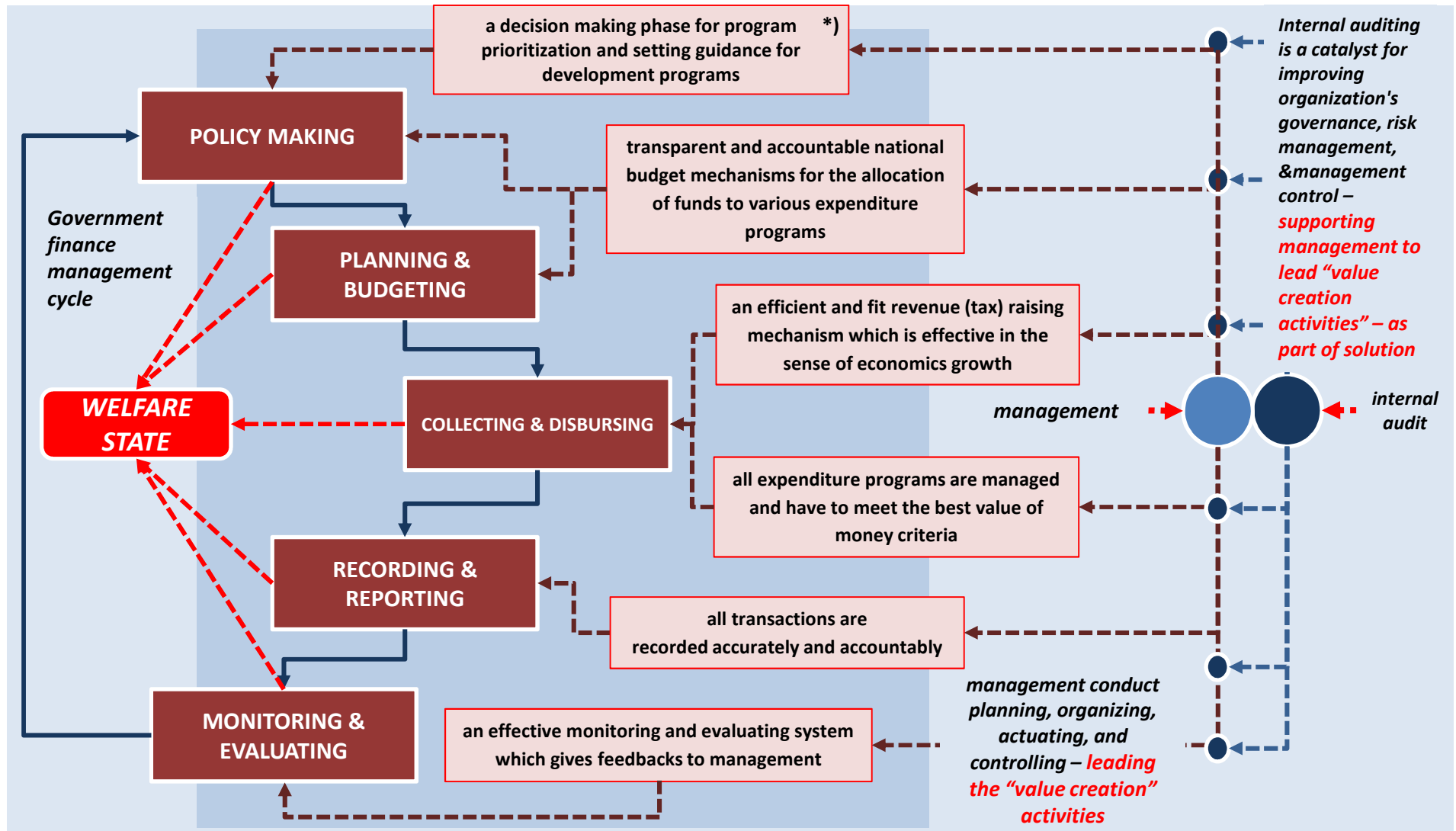
COMPLY TO THE RULES, SUPERVISE TO PERFORM

GIVING MAXIMUM VALUES TO SOCIETY

*) Feldman & Eichenhal, The Art of Watchdog, Excelsior, Albany, 2013



GOVERNMENT INTERNAL AUDIT HAS **FACED A WIDER PERSPECTIVES**



...based on Presidential Decree 192/2014 and Presidential Instruction 9/2014, the main theme of Government Internal Audit is “Government Internal Audit for People’s Welfare”...

OPTIMIZING INTERNAL AUDIT ROLE

*) Adopted from Guidance Document: Assisting Countries in Preparing a National Profile to Assess the National Legal Infrastructure for Sound Financial Management, 1998-1999 United Nations Institute for Training and Research (UNITAR)



DEVELOPING FROM THE EDGE

DEGREE OF INSTITUTION ACCOUNTABILITY

WELFARE STATE OF REPUBLIC INDONESIA

FUTURE ANTICIPATION

BROADENING PERSPECTIVES

STRENGTHENING ECONOMICS,
EFFICIENCY, ETHICS, JUSTICE &
EFFECTIVITY

CONVINCING
ACCOUNTABILITY

STRENGTHENING
TRANSPARENCY

COMBATING
CORRUPTION

CONSULTING & ASSURANCE RESULTS
INTERNAL AUDIT
SERVICES ON CROSS SECTORAL PROGRAMMES

CONSULTING & ASSURANCE RESULTS
INTERNAL AUDIT
SERVICES ON SECTORAL PROGRAMMES

CONSULTING & ASSURANCE RESULTS
INTERNAL AUDIT SERVICES ON LOCAL GOVERNMENT

*...a real dezentralization era,
there are many programmes of government focused on local government,
and the percentation of the budget allocation for the local government is much greater
than allocation for central government institution...*

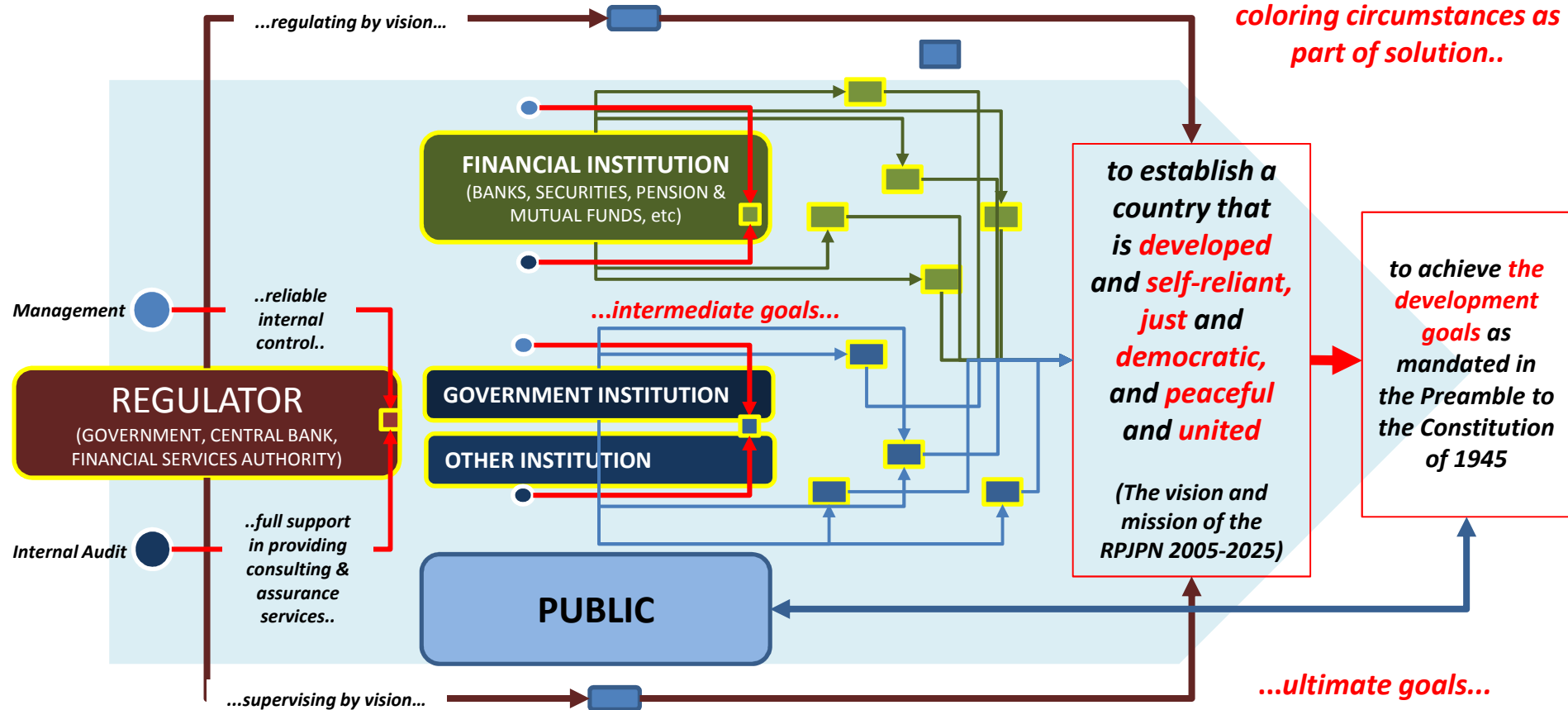
OPTIMIZING THE LOCAL POTENCIES



SOUND FINANCIAL SYSTEM

....a country's financial system consists of institutions and markets that provide a framework for carrying out economic transactions and monetary policy, and help to efficiently channel savings into investment, thereby supporting economic growth... *)

..internal auditor lies in every sector involved, coloring circumstances as part of solution..



...problems in financial systems and institutions within the system do not only disrupt financial intermediation, but can also undermine the effectiveness of monetary & fiscal policy, push economic downturns, trigger capital flight and exchange rate pressures, and create large fiscal costs related to rescuing troubled financial institutions.

Regulator regulates wisely, supervisor supervises kindly, management must be responsible and supported by internal auditor...

THERE ARE MANY STRATEGIES FROM MANY INSTITUTIONS – THERE MUST BE A VISION FOR THE NATION



TIME TO STEP OVER TO THE NEW HORIZON

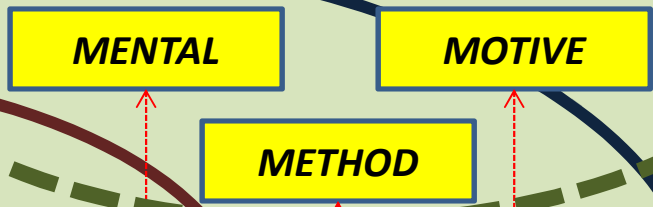
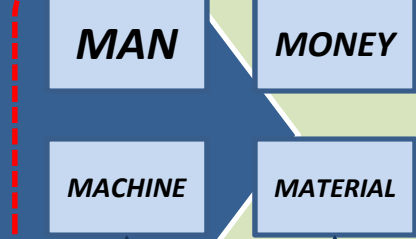
....Internal Auditors have to *enhance their skills and educate themselves on new technologies and competencies* that will be required to face the challenges....

...never ending development process, accelerated by government & authorities, and must be supported by professional associations as engines of reform...

...an objective assurance and consulting activity that is independently managed within organization and guided by philosophy of adding value to improve the operations of the organization...

...in assisting an organization in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's risk management, control, and governance processes..

Internal Auditor Role *)



Business as Usual

Extra Extra Effort

Expected Performance

Recent Performance

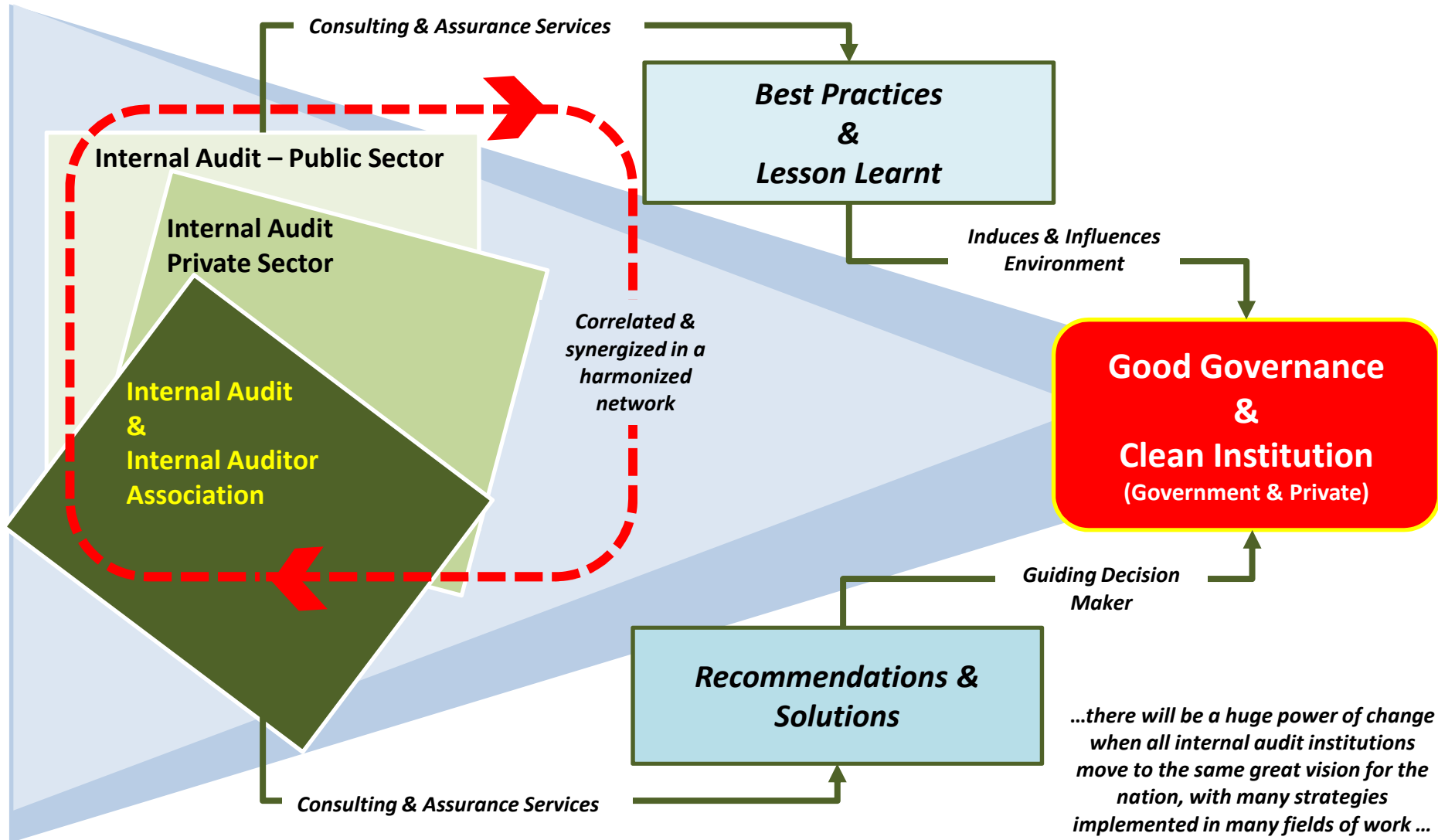
...the success of any internal auditor is determined by that person's commitment to ongoing learning and capabilities improvement, as well as an understanding of the organization's needs and how they can be met through the internal audit function

TO BE MORE STRATEGIC – CONTRIBUTE MORE

*) Source Insitute Internal Audit



MAXIMAZING OUR POTENCIES, OPTIMIZING OUR ROLES



TO CONTRIBUTE FOR DEVELOPING A BETTER NATION



Internal Auditor Creed ^{*)}

I'm an Internal Auditor, serving as an **Independence extension of the eyes, ears, and conscience of my commander.**

I'm a **paradigm of integrity, efficiency, accountability, and intelligent risk-taking.**

Dogged in the pursuit of the truth,
I neither dictate to others in authority nor turn a blind eye.

I show myself **a good example of virtue, honor, patriotism, and subordination.**

I am vigilant in inspecting the conduct of those placed under me, **guarding against and suppressing all dissolute and immoral practices, including not limited to fraud, waste and abuse of authority,**
as I support and **defend my nation** against all enemies.

So help me God.

I am an Internal Auditor.

**) Adapted and modified from Joseph E. Schmitz, The Inspector General of The Department of Defense USA - The Inspector General Creed (The Inspector General Handbook, Schmitz, Center for Security Policy Press, Washington DC, 2013)*



TERIMA KASIH