

Governance, Risk, & Compliance

TINJAUAN TEORITIS

GATOT IMAM NUGROHO

PRESIDENT UNIVERSITY
14 JUNI 2021

Weak Governance

- PT Asuransi Sosial ABRI (Asabri-persero), loss Rp23.7 T in 2020 Unqualified, 2019 Qualified, 2018 Disclaimer.
- PT Asuransi Jiwasraya (persero), loss Rp16.8 T
- AJB Bumiputera (moto – proven over time), insolven Rp10 T
- PT Garuda Indonesia (persero), loss 2020, profit 2019 but smuggling, restatement 2018 FS from net income Rp699.9 M to net loss Rp2.45 T, negative cashflow, negative equity
- PT Kimia Farma Diagnostika, 2021 alat rapid test antigen Covid-19 bekas pakai, PT Kimia Farma Apotik, PT Kimia Farma (persero)

Corporate Governance (CG)

- Sarbanes-Oxley Act of 2002 (for public companies), to respond to unethical decisions, various abuses financial reporting, weak CG, low audit quality, & insufficient auditor independence.
- is a **process** by which the owners (stockholders) and creditors of an organization exert **control** and require **accountability** for the resources entrusted to the organization. (Johnstone, 2016)
- Owners elect BOD to provide oversight of the organization's activities and accountability to stakeholders.
- Organizations with effective CG are less likely to experience fraud and are therefore less risky to audit.
- Effective CG includes effective internal control, internal auditing, & audit committee

Internal Control (COSO)

- A **process**, effected by an entity's BOD, management, & other personnel, designed to **provide reasonable assurance** regarding the **achievement of objectives** relating to operating, reporting, and compliance.

IC components:

- Control environment
- Risk assessment
- Control activities
- Information and communication
- Monitoring

Risk

- is a **concept** that is used to express **uncertainty** about events and/or their outcomes that could have a **material effect** on an organization (Johnstone, 2016)
- Negative, **undesirable** consequences
- The possibility of loss, injury, or other **adverse** or **unwelcome** circumstance (Oxford English Dictionary)
- The possibility of **something bad happening** (Cambridge Advanced Learner's Dictionary)
- Business risk, financial risk, audit risk (inherent, control, detection)
- Risk management, risk assessment

Compliance

- the **act of obeying** an order, rule, or request (Cambridge Dictionary)
- Accordance, adherence, dutifully, pursuant, subservience
- **Most important**

Thank You

