

**IACSF 2014 - Submission of your Paper with the title of: "INDONESIAN INSTITUTE OF ACCOUNTANTS (IAI) TOWARDS ASEAN ECONOMIC COMMUNITY (AEC) 2015"**

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Oct 8, 2014 at 8:47 PM

Dear [Lita](#),

We are pleased to inform you that your paper with the title of: "INDONESIAN INSTITUTE OF ACCOUNTANTS (IAI) TOWARDS ASEAN ECONOMIC COMMUNITY (AEC) 2015" submitted for the 2014 IACSF has been accepted to be presented at the conference. Please revise and resubmit the paper as per attached feedbacks to us not later than **by October 31, 2014** so that we could publish your paper in the conference proceedings. You will be notified by the committee regarding schedule of your presentation.

Please register your participation as per instruction outlined in the website.

Kind regards,

Elvia Shauki, PhD  
on behalf of the Reviewer's Committee

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**lita kusumasari** <lkusumasari@yahoo.com>

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Aug 29, 2014 at 11:07 PM

Dear Sir

Enclosed my paper for IACSF with the title

INDONESIAN INSTITUTE OF ACCOUNTANTS (IAI) TOWARDS ASEAN ECONOMIC COMMUNITY (AEC) 2015

Thank you

Best Regards

Lita Kusumasari  
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To be held between 24 – 25 November 2014  
At the Faculty of Economics and Business, Universitas Indonesia

**Reviewer Evaluation Form**

**Name of Author : Lita Kusumasari, S.E., M.S.A., Ak**  
**Title of Paper : INDONESIAN INSTITUTE OF ACCOUNTANTS (IAI) TOWARDS  
ASEAN ECONOMIC COMMUNITY (AEC) 2015**

Please rate the paper by giving tick mark (√) on the applicable rating scale of 1 (low) to 5 (high).

No	Criteria	1	2	3	4	5
1	Originality			√		
2	Adequacy of literature review			√		
3	Appropriate research methods			√		
4	In-depth analysis (including conceptual framework and hypotheses development, if applicable)			√		
5	Limitations are appropriately addressed			√		
6	Clarity of written presentation			√		
7	Overall evaluation of the paper			√		

Additional Comments (you could provide your feedbacks more than the provided space):

I did not see what the research problems are? What motivates you to study?

Aims of this study is not clearly explained.

My Recommendation:

☒ Clearly Acceptable

☐ Somewhat Acceptable

☐ Marginally Acceptable

☐ Not Acceptable

# INDONESIAN INSTITUTE OF ACCOUNTANTS (IAI) TOWARDS ASEAN ECONOMIC COMMUNITY (AEC) 2015

Lita Kusumasari

## ABSTRACT

ASEAN are Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Viet Nam. One of the cooperation is signed ASEAN Economic Community (AEC). The AEC will implement in 2015 and ASEAN will have free movement of goods, services, investment, skilled labour, and free flow of capital. Indonesia needs to prepare for AEC. This paper aims to know the position of Indonesian Institute of Accountants (IAI) among others professional body in ASEAN toward AEC. We examine literature reviews on the organizations that has impact on accounting profession which are ASEAN Federation of Accountants (AFA) and International Federation of Accountants (IFAC). Those organizations really influence the Mutual Recognition Agreement (MRA) set for AEC. IAI is member of IFAC and AFA, so IAI has to comply with statement of membership obligation (SMO) by IFAC. In 2013, IAI is number 5 compare to other ASEAN countries in compliance to SMO. Indonesia need to work hard on amount of accountant because it is still sort of accountants. It is number 5 again compare to other ASEAN countries for the total number of accountants and decline to number 8 to other ASEAN countries for the ratio between accountant and listed companies. IAI is ready to AEC.

Keywords: ASEAN, AEC, AFA, IFAC, IAI, SMO

## INTRODUCTION

Indonesia becomes the investment magnitude for global investments. World Bank and International Comparison Program (ICP) release that Indonesia will be ten rich countries in the world based on Product Domestic Bruto (PDB). Indonesia's PDB is 2.3% from all the worlds (Akuntan 2014b). This position put Indonesia to be a big market for the world. Globalization takes place and only the best will survive, so does Indonesia.

Goldman Sachs, the famous investment bank in USA predicts that Indonesia will be the sixth biggest economy power in the world in 2050. In the time Indonesia's PDB will be US\$ 26,68 billion and income per capita will be US\$ 78.478 or Rp941.736.000. Right now the PDB is US\$ 878 million and income per capita is US\$4.000. Such an impression number. This can be achieved if Indonesia can sustain the growth every years above 6% (Akuntan 2014b).

Without being the sixth biggest economy power, Indonesia already becomes the market for global industries, products, and companies. They want to participate in the name of economic welfare. Indonesia can not put aside those pressures. So Indonesia protect the certain industry and internal market. On between Indonesia acknowledge that we have to keep up with the competitive advantages to lead on or left behind.

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Indonesia makes cooperation with another country or doing together in regional area. By doing together, hopefully that Indonesia become stronger and better. Since established of Association of South East Asian Nations (ASEAN), Indonesia already being active as founder and participant to grow better together. The ten member states of ASEAN are Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Viet Nam. One of the cooperation is signed ASEAN Economic Community (AEC). The AEC will implement in 2015 and ASEAN will have free movement of goods, services, investment, skilled labour, and free flow of capital.

This research purposes to explore the preparation of Indonesia to face the free flow of services especially in accounting profession among ASEAN. It is conducted by literatures review and comparative studies to see the position of Indonesia among ASEAN countries. By knowing the position hopefully we will gain some understanding and take advantage to hold the strengths and cope the weaknesses to lead on.

#### ASEAN ECONOMIC COMMUNITY 2015

The declaration of AEC is based on the spirit of ASEAN and ASEAN Vision 2020. In 1967, ASEAN was established. The organization would help bring about a Southeast Asian region of peace, freedom and prosperity for their people. ASEAN Vision 2020 is a future direction for ASEAN as a concert of Southeast Asian nations, outward-looking, living in peace, stability and prosperity, bonded together in partnership in a just, a democratic, and harmonious environment, dynamic development and ever-closer economic integration and in a community of caring societies conscious of its ties of history, aware of its shared cultural heritage and bound by a common regional identity (ASEAN Secretariat 2009).

Inspired by new ASEAN, as symbolised by the ASEAN Charter, AEC was signed in ASEAN Concord II and reaffirmed in Cebu, the Philippines 2007. ASEAN Community are compromising three pillars, namely political-security community, economic community and socio-cultural community. Since then, the realization took place:

- a. The Declaration on the ASEAN Economic Community Blueprint and the adoption of the ASEAN Economic Community Blueprint at the 13th ASEAN Summit on 20 November 2007 in Singapore.
- b. The adoption of the ASEAN Political-Security Community Blueprint and the ASEAN Socio-Cultural Community Blueprint, and the Second Initiative for ASEAN Integration (IAI) Work Plan at the 14th ASEAN Summit on 1 March 2009 in Thailand.
- c. The declaration on the Roadmap for the ASEAN Community (2009-2015) on 1 March 2009 at Cha-am, Thailand.

At the 12th ASEAN Summit in January 2007, the Leaders affirmed their strong commitment to the establishment of the ASEAN Economic Community by 2015, and to transform ASEAN into a region with free movement of goods, services, investment, skilled labour, and free flow of capital. The area of cooperation include human resources development and capacity building, recognition of professional qualifications, closer consultation on macroeconomic and financial policies, trade financing measures, enhanced infrastructure and communications connectivity, development of electronic transactions through e-ASEAN, integrating industries across the region to promote regional sourcing, and enhancing private sector involvement for the building of the AEC.

The AEC envisages the following key characteristics:

- a. A single market and production base
- b. A highly competitive economic region
- c. A region of equitable economic development
- d. A region fully integrated into the global economy.

These characteristics are inter-related and mutually reinforcing. A single market and production based shall comprise five core elements

- a. Free flow of goods
- b. Free flow of services
- c. Free flow of investment
- d. Free flow of capital
- e. Free flow of skilled labour.

The actions of free flow of services are including remove substantially all restrictions on 2015 and complete mutual recognition arrangements (MRAs) and implement the MRAs expeditiously according to the provision of each respective MRA (AEC Blueprint, 2009). MRA lays down the broad principle and framework for the negotiations of bilateral or multilateral MRAs on Accountancy Services between or among ASEAN Member States. The basis recognition of MRA are:

- a. Education : Practising Professional Accountant (PPA) should have met the educational requirements in effect in the Country of Origin and the Host Country.
- b. Licences: Subject to their Domestic Regulations, use their best endeavours to facilitate the PPA to obtain the necessary approval.
- c. Demonstration of Competencies: PPA has satisfactory knowledge of the Domestic Regulations of the Host Country.
- d. Experience: PPA shall meet the experience requirements specified by the Host Country.

- e. International Federation of Accountants (IFAC) Standards and Guidelines: ASEAN Member States are encouraged to take into account the standards and guidelines set out by IFAC.

In Article V of MRA stated that subject to the circumstances of each ASEAN Member State, an MRA may be concluded with the involvement and/or consent of National Accountancy Body (NAB) and/or Professional Regulatory Authority (PRA) and the relevant government agencies. Here are the list of the NAB and PRA:

Figure 1

LIST OF PROFESSIONAL REGULATORY AUTHORITIES AND NATIONAL ACCOUNTANCY BODIES

MEMBER STATE	PROFESSIONAL REGULATORY AUTHORITY	NATIONAL ACCOUNTANCY BODY
Brunei Darussalam	Ministry of Finance	Brunei Darussalam Institute of Certified Public Accountants (BICPA)
Cambodia	Ministry of Economy and Finance	Kampuchea Institute of Certified Public Accountants and Auditors (KICPAA)
Indonesia	Ministry of Finance	Ikatan Akuntan Indonesia (IAI) and Institut Akuntan Publik Indonesia (IAPI)
Lao PDR	Ministry of Finance	Lao Association of Accountants and Independent Auditors (LAAIA)
Malaysia	Malaysian Institute of Accountants (MIA)	Malaysian Institute of Accountants (MIA)
Myanmar	Myanmar Accountancy Council (MAC)	Myanmar Accountancy Council (MAC)
The Philippines	1. Professional Regulation Commission 2. Board of Accountancy	Philippine Institute of Certified Public Accountants (PICPA)
Singapore	Accounting and Corporate Regulatory Authority	Institute of Certified Public Accountants of Singapore (ICPAS)
Thailand	The Oversight Committee on Accounting Professions	Federation of Accounting Professions (FAP)
Viet Nam	Ministry of Finance	Viet Nam Accountancy and Auditing Association (VAA)

ASEAN Mutual Recognition Arrangement Framework on Accountancy Services (2008)

Indonesia is the only state that has two national accountancy bodies which are IAI and IAPI. Both organizations are recognized by Indonesian Government. IAI is member of AFA and IFAC while IAPI neither does all.

## INTERNATIONAL FEDERATION OF ACCOUNTANTS (IFAC)

The International Federation of Accountants was founded on October 7, 1977, in Munich, Germany, at the 11th World Congress of Accountants. IFAC was established to strengthen the worldwide accountancy profession in the public interest by:

- a. Developing high-quality international standards in auditing and assurance, public sector accounting, ethics, and education for professional accountants and supporting their adoption and use;
- b. Facilitating collaboration and cooperation among its member bodies;
- c. Collaborating and cooperating with other international organizations; and
- d. Serving as the international spokesperson for the accountancy profession.

At the first meeting of the IFAC Assembly and Council in October 1977, a 12-point work program was developed to guide IFAC committees and staff through the first five years of activities. Many elements of this work program are still relevant today. Beginning with 63 founding members from 51 countries in 1977, IFAC's membership has grown to now include 179 members and associates in 130 countries and jurisdictions worldwide.

IFAC member bodies have to follow the obligation of Statement of Membership Obligations (SMOs) that issued on April 2004 and revised as of November 10, 2006 (IFAC 2006). Member bodies of IFAC are required to perform ongoing self-assessments of their compliance with each of the SMOs. These statements require member bodies to use their best endeavors to meet the obligations. A member body or associate that fails to follow the obligation of these Statements, or justify satisfactorily why it has departed from them may be suspended or removed from membership.

There are seven SMOs, those stated below:

- a. SMO 1 – Quality Assurance  
Member bodies of IFAC have to apply quality assurance review programs for their members performing certain audit engagements of financial statements.
- b. SMO 2 – International Education Standards for Professional Accountants and Other IAESB Guidance  
Sets out the obligation of member bodies of IFAC in relation to International Education Standards for Professional Accountants (IESs), International Education Practice Statements for Professional Accountants (IEPSs) and International Education Information Papers for Professional Accountants

(IEIPs) issued by the International Education Standards Boards (IAESB) of IFAC.

- c. SMO 3 – International Standards, Related Practice Statements and Other Papers Issued by the IAASB

SMO 3 was amended to clarify that related Practice Statements provide for interpretive guidance and practical assistance to professional accountants in implementing International Standards and to make it clear that in assisting with the implementation of International Standards, a member body should promote the use of related Practice Statements, or the development of national pronouncements that incorporate related Practice Statements or that provides similar implementation guidance.

- d. SMO 4 – IFAC Code of Ethics for Professional Accountants

The obligation of member bodies of IFAC in relation to the IFAC Code of Ethics for Professional Accountants (the IFAC Code) and other pronouncements issued by the International Ethics Standards Board for Accountants (IESBA) of the IFAC. The SMO 4 was amended to following revisions that a member body of IFAC or firm may not apply less stringent standards than those in this Code.

- e. SMO 5 – International Public Sector Accounting Standards and Other International Public Sector Accounting Standards Board (IPSASB) Guidance.

Sets out the obligations of member bodies of IFAC in relation to International Public Sector Accounting Standards (IPSASs) and other guidance issued by the International Public Sector Accounting Standards Board (IPSASB) of IFAC.

- f. SMO 6 – Investigation and Discipline

SMO 6 is to be applied by member bodies of IFAC in the investigation and discipline of misconduct, including, but not limited to, breaches of professional standards and rules by their individual members.

- g. SMO 7 – International Financial Reporting Standards

SMO 7 sets out the obligations of member bodies of IFAC in relation to International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB).

## ASEAN FEDERATION OF ACCOUNTANTS (AFA)

The ASEAN Federation of Accountants (AFA) was organised in March, 1977. It was established to serve as the umbrella organization for the national associations of accounting professional of the member countries of the Association of South East Asian Nations (ASEAN). AFA originally had only five member-bodies which are Indonesia, Malaysia, Philippines, Singapore, and Thailand. Currently AFA membership comprises of all 10 ASEAN member countries:

- a. Brunei Darussalam, Brunei Darussalam Institute of Certified Public Accountants (BICPA)
- b. Cambodia, Kampuchea Institute of Certified Public Accountants and Auditors (KICPAA)
- c. Indonesia, Institute of Accountants/Ikatan Akuntan Indonesia (IAI)
- d. Lao PDR, Lao Institute of Certified Public Accountants (LICPA)
- e. Malaysia, Malaysian Institute of Accountants (MIA)
- f. Myanmar, Myanmar Accountancy Council (MAC)
- g. Philippines, Philippines Institute of Certified Public Accountants (PICPA)
- h. Singapore, Institute of Certified Public Accountants of Singapore (ICPAS)
- i. Thailand, Federation of Accounting Professionals (FAP)
- j. Vietnam, Vietnamese Association of Accountants and Auditors (VAA)

AFA is composed of two types of membership. The Primary Members of AFA are the national organization of accounting professional representing countries within the territorial jurisdiction of ASEAN and must be the recognised national accounting body of that country created under a specific statute or regulation of that particular country. The primary members are ten stated above. The other type of membership is the associate member. The associate members are the internationally recognised bodies of accounting professional of any ASEAN countries or other countries which are friendly to and supportive of the aspirations of ASEAN, even though they may be outside the territorial jurisdiction of ASEAN. There are three associate members:

- a. CPA Australia
- b. The Institute of Chartered Accountants in Australia (ICAA)
- c. The Association of Chartered Certified Accountants (ACCA).

AFA's vision to be globally recognised as the body that represents the accountancy profession in the ASEAN region. AFA's mission to develop and promote the accountancy

profession in the region in support of the socio-economic enhancement of the AFA member countries (AFA 2010).

Figure 2  
AFA MEMBERSHIP FIGURES IN 2008-2012

	INSTITUTE	MEMBERSHIP					
		2013	2012	2011	2010	2009	2008
Brunei Darussalam	BICPA	57	57	92	81	79	79
Cambodia	KICPAA	284	284	256	208	799	799
Indonesia	IAI	15.940	12.548	9.624	8.600	8.600	7.171
Lao PDR	LICPA	176	172	172	165	171	166
Malaysia	MIA	30.236	29.179	27.920	27.292	26.154	25.309
Myanmar	MAC	1.492	1.323	1.303	998	502	502
Philippines	PICPA	19.573	22.567	21.939	21.599	20.575	20.486
Singapore	ICPAS	27.394	25.726	24.774	23.262	21.599	20.257
Thailand	FAP	56.125	61.331	54.319	51.737	51.737	49.244
Vietnam	VAA	8.000	8.000	8.000	8.000	8.000	7.500
	Total	159.277	161.187	148.399	141.789	138.216	131.513

AFA Annual Report (2008-2010) and IAI (2013)

AFA is making role as promoting accountancy profession in the ASEAN. AFA promotes their members to play actively into high quality accounting profession in the world, thus IFAC as the setter of accounting profession body is being roled. Six members of AFA is being full members of IFAC (Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam) while two members of AFA is being associate to IFAC (Brunei Darussalam and Cambodia) (www.ifac.org). They realize the importance of IFAC by assisting BICPA (Brunei Darussalam) and KICPAA (Cambodia) in drafting and reviewing the SMO Action Plans (AFA 2011).

In 2011, AFA established permanent secretariat in Jakarta, one building with IAI. In 2012 Mutual Recognition Agreement become the priority by AFA. They established the AFA Committee on the implementation of the ASEAN MRA on Accounting services with the committee as stated below (AFA 2012):

- a. Chairperson:  
Estelita C. Aguirre (PICPA)

b. Members:

Prof. Sidharta Utama (IAI)  
Abdul Rahim Abdul Hamid (MIA)  
Yee Cheok Hong (ICPAS)  
Vilai Chattansame (FAP)  
Lucia Real-Martin (ACCA)  
James Dickson (CPA Australia)  
Jonathan Jones (ICAEW)

Based on IFAC as a role model, we can see that MRA for AEC 2015 is the same direction as on SMO on the IFAC as seen on figure 3.

Figure 3

THE COMPARATION BETWEEN MRA AND SMO

No	Mutual Recognition Agreement (MRA)	Statement of Membership Obligation (SMO)
1	Education	SMO 2 International Education Standards
2	Licences	SMO 2 International Education Standards
3	Demonstration of Competencies	SMO 2 International Education Standards
4	Experience	SMO 2 International Education Standards
5	IFAC Standards and Guidelines	SMO 3 International Standards and Other Pronouncements by IAASB SMO 4 Code of Ethics for Professional Accountants SMO 5 International Public Sector Accounting Standards SMO 7 International Financial Reporting Standards

IFAC is doing more by asking SMO 1 (Quality Assurance) and SMO 6 (Investigation and Discipline). State members who become member of IFAC will get advantage by fulfilling SMO because the requirements more rigorous so doing that meaning that member will be ready to do the MRA with other countries in ASEAN.

INDONESIAN INSTITUTE OF ACCOUNTANTS (IAI)

Indonesian Institute of Accountants (IAI) is established on December 23, 1957. The are two missions. First is to guidance the accountancy development and to achieve higher quality of accountant's education. Second is to achieve higher quality of accountant working. The member is individual and they can choose the compartment of accountant field which are educators, sector public accountant, public accountant and management accountant. Later on compartment public accountant and management accountant splited up. The compartment public accountant become Indonesian Institute

of Accountants Public (IAPI) in 2007 and management accountant compartment become Indonesian Management of Accountant (IMA) in 2008.

Figure 4

THE MEMBER OF INDONESIA'S ACCOUNTANT

	2010	2011	2012	2013
State Accountant	49.348	50.879	52.270	52.637
Member of IAI	8.600	9.624	12.548	15.940
Member of IAPI	928	995	1.016	1.019

IAI (2014)

IAI needs to grow the member rapidly due to the lack of accountants in the market. This is not an easy way to do while IAI has been doing grandfathering program. The program is giving state accountant whose member of IAI and fulfilled qualification will be given Chartered Accountant (CA). The state accountant will need to reregister through IAI to hold the status of state register. The register is enact by PMK No. 25/PMK.01/2014. The two programs combine will hopefully boost the member of IAI and means to be professional accountant. This is important regarding the lack of accountant compare to the companies and organization to be served in Indonesia as listed figure 5. Based on the figure 4 and 5, in 2013, ratio between state accountant and organization in Indonesia is 23% (52.637 : 227.763). Indonesia still lack a lot of accountant.

Figure 5

THE AMOUNT OF ORGANIZATIONS IN INDONESIA

ORGANIZATION	UNIT
Regional State	398
Cities	93
Province	34
Ministry	34
State Companies	141
Regional State Companies	1.007
Companies	4.042
Non Profit Organization	10.000
Organization	100.000
Cooperation Organization	108.000
Highly Education Entities	4.000
Political Parties	14
TOTAL	227.763

IAI is an active professional accountant body. Since was born always doing improvement to enhance the quality of accountant using worldwide standards. Here are the milestones of IAI:

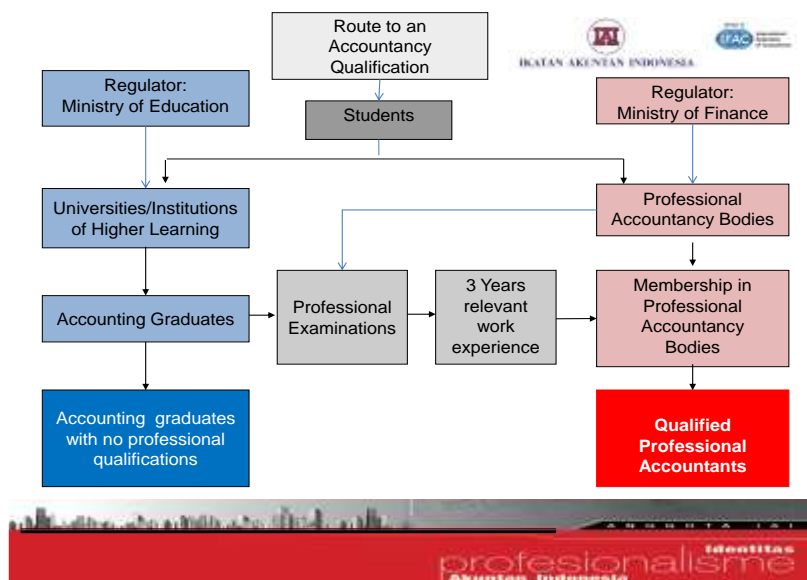
- a. 1974 launched the Principle of Indonesia's Accounting
- b. 1977 became member of AFA
- c. 1986 became member of IFAC
- d. 1994 launched Indonesia's Principle of Financial Accounting
- e. 1996 set up for continuous learning for Public Accountant
- f. 2002 set up committee education for professional accountant (KERPPA)
- g. 2010 launched Indonesia's Principle of Financial Accounting harmonized with IFRS
- h. 2011 Secretariat AFA is in Indonesia
- i. 2012 launched Chartered Accountant (CA)

The pathways to be accountant is radically change before 2012 and after 2012. Before 2012, the holder of bachelor in accounting will get bachelor degree from university. If they want to be an accountant and registered by Indonesian government then they have to take professional education for one year. Graduated from professional education will be granted accountant title from government.

After 2012, the pathways to be accountant changed. Chartered Accountant is the answer of IAI as being member of IFAC. Chartered accountant is professional accountant with the integrity, ethics, and competent of accounting. The knowledge of accounting will be updating with compulsory continuous learning every year to maintain the Chartered accountant. After getting the CA then accountant can register to be state accountant in ministry of finance (PMK No. 25/PMK.01/2014).

Figure 6

# PATHWAYS TO BE CHARTERED ACCOUNTANT



IAI (2014)

The pathways have been considered the International Education Standards (IES). As part of its admission requirements, a professional body needs entrance examinations and training requirements. These should follow the International Education Standards (IES) issued by the International Accounting Education Standards Board (IAESB) under the auspices of IFAC. The IES cover:

- IES 1 Entry requirements to a program of professional accounting education
- IES 2 Content of professional education programs
- IES 3 Professional skills
- IES 4 Professional values, ethics and attitudes
- IES 5 Practical experience requirements
- IES 6 Assessment of professional capabilities and competence
- IES 7 Continuing professional development
- IES 8 Competence requirements for audit professionals

Based on the IES, the KERPPA sets the curriculum for professional accountant education. The curriculum is aligned with the CA exam which has seven subjects:

- a. Corporate reporting
- b. Strategic management and leadership
- c. Corporate governance and ethics
- d. Advance management accounting
- e. Taxation management
- f. Advanced financial management
- g. Information system and internal control

The exams subject is using level 7 as equal as professional education on Conceptual Qualification Indonesian Nation (KKNI) set up by the Ministry of Education in Indonesia. The undergraduate is on level 6, and the graduate is on level 8 (Akuntan Indonesia 2014b). In international scheme, this subject is so rigorous compare to others:

Figure 7

COMPARATION SUBJECT BETWEEN CHARTERED ACCOUNTANT AND OTHER CERTIFICATES IN ACCOUNTING

	CA INA	CPA AUS	ACCA	ICAEW	ICAA	CIMA	ISCA
Corporate reporting	√		√	√			
Strategic management and leadership	√	√		√	√	√	
Corporate governance and ethic	√	√	√				√
Advanced management accounting	√					√	
Taxation management	√	√	√	√	√		√
Advanced financial management	√		√				
Information system and internal control	√		√			√	

IAI (2014)

After pass the CA exam, someone has to gain three years experiences in accounting. The experience in many ways as long as working as accountant. It can be an management accountant in company, work as accounting lecturer, as an auditor, or work as a public sector accountant in government agency. Getting the experience and become member of IAI then someone is called chartered accountant.

As a chartered accountant, they are some compulsories to be obtained. CA needs to be a member of IAI and fulfill the obligation as a member. In three years, CA has to update the knowledge of accountancy through training, writing paper, or even take education on higher learning. The update for three years equal to 120 credit learning. In each year minimum 30 credit learning has to be obtained and reported annually to IAI (SK DPN Nomor: Kep-38/SK/DPN/IAI/XII/2012).

IAI can set regulation for accountants based on several act that covers:

- a. The Accountant Title Law No. 34/1954 sets forth the requirement for becoming an accountant.
- b. Decree of Minister of Finance (PMK) No. 17/2008
- c. Capital Market Law No. 8/1995 is the only law that specifically provides the Indonesia Financial Accounting Standards (PSAK) set by the Indonesia Financial Accounting Standards Board.
- d. Public Accountant Law No. 5/2011 about public accountant and addressing IAPI as a formal body of accountant public profession organization in Indonesia. IAPI has right to conduct CPA exam and give CPA title to the right owner.
- e. Decree of Minister of Finance (PMK) No. 25/PMK.01/2014 sets forth the requirement for becoming a state registered accountant. In this decree, Indonesia government will appoint one of accounting profession organization to manage the accountant.
- f. Decision of National Council The Indonesia Institute of Accountants (SK DPN) No. Kep-38/SK/DPN/IAI/XII/2012 regarding continuing professional development.
- g. Decision of Minister of Finance (KMK) No. 263/KMK.01/2014 sets forth IAI as an accounting profession association. IAI has mandatories for delivering professional accountant exam and giving the certificate to someone who entitle it, for conducting continuing professional development (CFD), setting ethics code, upholding discipline, and signing mutual recognition agreement to other professional accounting body organization. Those obligations have to be reported to Minister of Finance. Minister of Finance has the right to observe the performance of IAI on these obligations.

In year 2012 was a starting point of IFRS. The Indonesian financial accounting standards or Standar Akuntansi Indonesia (SAK) 2012 convergence with IFRS 2009. Indonesia is not adopted IFRS 1 until Indonesia full adopted of IFRS and IAS 41 and IFRIC 15 unless IASB does the revision. Adopting IFRS will enhance the quality of financial

reporting, enhance the credibility and comparability between states, fulfill IFAC and also as a member of G-20 then will contribute to the stability of financial system (Akuntan Indonesia 2012).

The challenge to do convergence with IFRS are the differences knowledge between stakeholders on impact of IFRS, the differences regulation between Indonesia financial accounting standards and IFRS, the gap of accounting measurement between accounting and tax, the availability data for fair value and last the human resources. These challenges are true. This made the convergence commitment arising in 2008, need more time longer until 2012. The further commitment on convergence is in 2015, Indonesian financial accounting standards will be adopted IFRS January 2014.

Figure 8

THE FINANCIAL STANDARDS AS ON DECEMBER 2012

No	Effective Date	Indonesian Financial Standards (PSAK)	Interpretation of Indonesian Financial Standards (ISAK)	The Withdrawal of Indonesian Financial Standards (PPSAK)
1	January 1, 2008	-	1	-
2	January 1, 2009	1	-	-
3	January 1, 2010	-	-	5
4	January 1, 2011	16	7	2
5	January 1, 2012	22	11	3
6	January 1, 2013	-	1	1
7	Exposure Draft	1	-	-
	TOTAL	40	20	11

Akuntan Indonesia (2012)

THE POSITION OF INDONESIAN INSTITUTE OF ACCOUNTANTS (IAI) AMONGS ASEAN PROFESSION ACCOUNTANTS

Borker (2013) indicated that there is a positive correlation between 3G Rank and IFRS Rank for Global Growth Generators (3G) countries. The countries are Viet Nam, China, India, Indonesia, Mongolia, Philippines, Iraq, Bangladesh, Egypt, Sri Lanka, and Nigeria. 3G Rank based on 3G index value compromises of the weight average of six specific growth drivers:

- a. Domestic saving/investment
- b. Demographic prospects
- c. Health

- d. Education
- e. Quality of institutions/policies
- f. Trade openness

The IFRS rank based on the IFRS adoption/convergence. Based on that research, then we will see the position of IAI among ASEAN countries. The first index will be based on rank of gross domestic product and ratio of accountant compares to the amount of listed companies. The other index will be based on the compliance of SMO and ASEAN MRA. The data are taken from 2011-2013.

Figure 9

THE GROSS DOMESTIC PRODUCT OF ASEAN COUNTRIES

No	Country	2011	2012	2013	Average
		%	%	%	%
1	Lao P.D.R	8,0	7,9	8,2	8,0
2	Cambodia	7,1	7,3	7,0	7,1
3	Myanmar	5,9	7,3	7,5	6,9
4	Indonesia	6,5	6,3	5,8	6,2
5	Philippines	3,6	6,8	7,2	5,9
6	Vietnam	6,2	5,2	5,4	5,6
7	Malaysia	5,1	5,6	4,7	5,1
8	Singapore	6,0	1,9	4,1	4,0
9	Thailand	0,1	6,5	2,9	3,2
10	Brunei Darussalam	3,4	0,9	(1,2)	1,0

International Monetary Fund (2014)

Based on the average of GDP Product, Indonesia is number four among ten ASEAN countries. The same position on 3G Index, number four after Vietnam, China, and India (Borker 2103). Fundamentally economically, Indonesia is highly growth which can said to contribute for having a good economy. It is a wide market that give opportunity for companies to sustain in Indonesia. Accountant is a profession that give a vital role to contribute to strengthen the economy. It deliver a financial reports that used to analyze the companies. Many examples from Enron, Worldcom, Tyco that make super power country USA to deal and recover from the scandals. Based on those premise, Indonesia need to be strengthen accounting profession to be back bone for good economy.

Indonesia has many acts and regulations to cover accounting profession. The rules has set. It is clear enough that comprehensive thought has been accommodated. The dualisme

between IAI and IAPI which are admitted as professional body of accountant in MRA have been ruled. From the point of view IAI will be the big basket for all accountant by deliver certificate of professional accountant while IAPI will conduct CPA exam and entitle it. By the KMK No. 263/KMK.01/2014, give authority to IAI to sign MRA with other professional body. The authority puts IAI to prepare to compete with other professional accounting body. IAI has to be good and professional to sign the MRA and will give equally position between the professional accounting body.

IAI has been doing so many things lately to prepare to be professional. Being member of AFA and IFAC, respected from other countries especially in ASEAN. The magnitude of being member of IAI is not attracted to many accountants. As we know that in 2013, there are 52.637 state accountants and only 15.940 (30,28%) being member of IAI and 1.019 (1,94%) member of IAPI. This membership problem has been recognized by IAI and Indonesia. PMK No. 25/PMK.01/2014 stated that accountant who wanna hold the status of state accountant has to be member of IAI. State accountant has to reregister through IAI until 2015. In the late 2014, The state accountant that has registered and fulfilled requirement will be given chartered accountant (CA) by IAI. This program called grandfathering. IAI has reorganized the member and hopefully by the new regulation, the IAI member will grow significantly. It is so important considering that Indonesia is good economy and has many companies but compare to others country in ASEAN seem the position is not good enough. Indonesia is number five after Thailand, Malaysia, Singapore, and Philippines (see figure 10).

Figure 10  
THE AMOUNT OF ACCOUNTANTS IN ASEAN

NO		INSTITUTE	MEMBERSHIP
			2013
1	Thailand	FAP	56.125
2	Malaysia	MIA	30.236
3	Singapore	ICPAS	27.394
4	Philippines	PICPA	19.573
5	Indonesia	IAI	15.940
6	Vietnam	VAA	8.000
7	Myanmar	MAC	1.492
8	Cambodia	KICPAA	284
9	Lao PDR	LICPA	176
10	Brunei Darussalam	BICPA	57

IAI (2014)

If we see that accountant will be guardian of the financial reporting then we should see the amount of accountant compare to companies. Indonesia only has 52.637 state accountants and 15.940 member of IAI while has many companies, institution, and organization needed. The ratio is 23% is not enough to supply for organization in Indonesia. Accountants in Indonesia compare to accountants in ASEAN in ratio between accountant and listed companies is in number 8 (34,88%). It is not good because Indonesia only above Vietnam and Brunei Darussalam (no listed company). It shows that Indonesia really has a lot of homework to grow the amount of accountants.

Figure 11

THE RATIO BETWEEN ACCOUNTANT AND LISTED COMPANIES

NO		INSTITUTE	MEMBERSHIP	LISTED COMPANIES	RATIO
			2013	2013	
1	Myanmar	MAC	1.492	2	746,00
2	Thailand	FAP	56.125	545	102,98
3	Cambodia	KICPAA	284	3	94,67
4	Lao PDR	LICPA	176	2	88,00
5	Philippines	PICPA	19.573	344	56,90
6	Malaysia	MIA	30.236	823	36,74
7	Singapore	ICPAS	27.394	776	35,30
8	Indonesia	IAI	15.940	457	34,88
9	Vietnam	VAA	8.000	342	23,39
10	Brunei Darussalam	BICPA	57	-	0,00

Wikipedia (2014)

Indonesia is member of AFA and IFAC. As a member, Indonesia has to perform the statement of membership obligations (SMO) by IFAC. There are eight members of IFAC in ASEAN countries and two have not been members yet. The compliance to SMO for each country in ASEAN can be look at on the website of IFAC and has been summarized on the appendix. The summarized is being graded by judgement to the range of 1 to 10. Full compliance to SMO will get 10 and not compliance at all will get 1. Lao and Myanmar are not member of IFAC but still can get the data about compliance to SMO through survey conduct by AFA and MIA (AFA 2007).

Figure 12  
COMPLIANCE

No		STATEMENT OF MEMBERSHIP OBLIGATIONS									
		1	2	3	4	5	6	7	TOTAL	RANK	
1	Brunei Darussalam	3	5	3	10	4	7	9	41	7	
2	Cambodia	5	5	10	8	4	6	10	48	6	
3	Indonesia	8	8	8	8	4	7	8	51	5	
4	Lao PDR	3	3	3	3	3	3	3	21	8	
5	Malaysia	10	10	10	10	4	9	10	63	2	
6	Myanmar	2	2	2	2	2	2	2	14	9	
7	Philippines	10	10	10	10	4	10	10	64	1	
8	Singapore	9	10	10	10	4	10	9	62	3	
9	Thailand	10	8	10	9	4	5	8	54	4	
10	Vietnam	4	7	8	7	4	6	5	41	7	
	Range 1-10										
	10 Full Compliance										

Based on the compliance to SMO, Indonesia is on number 5 among ASEAN countries. The countries above Indonesia are Philippines, Malaysia, Singapore and Thailand. The big four countries are ready compare to Indonesia due they have already stated full convergence to IFRS except for Thailand that has the same position with Indonesia. For each SMO, Indonesia show good progress with average 8 in the SMO 1, 2, 3, 4, and 7. The good grade is because Indonesia and IAI already realized the importance of SMO. Being good in SMO can be said that being quality of world accountant. IAI, IAPI, and Government make sure about this and already get along. The laws about accountant in 2012-2014 give support to the organization and accountant to grow and achieve world class accountant. It is little bit late compare to Philippines, Malaysia, Singapore, and Thailand. We still need time to run to lead but we can say we are ready.

## CONCLUSION

Accountant Indonesia is ready to enter the ASEAN Economic Community in 2015. IAI as a professional organization prepare to be a world class accounting profession body by being member of AFA and IFAC. As member of IFAC, IAI need to compliance to SMO. Indonesia is number 5 compare to other ASEAN countries in compliance to SMO. Indonesia need to work hard on amount of accountant because it is still sort of accountants. It is number 5 again

compare to other ASEAN countries for the total number of accountants and decline to number 8 to other ASEAN countries for the ratio between accountant and listed companies. Starting in the middle from number 5, Indonesia need to work hard to gain the competitive advantage compare to others so that Indonesia will not only be market but be leader on accountant world.

## APPENDIX

Action plans are developed by IFAC members and associates to address policy matters identified through their responses to the IFAC compliance self-assessment questionnaire toward statement of membership obligation (SMO).

Action plans are updated:

1. Brunei Darussalam on October 2013 (.
2. Cambodia on November 2012.
3. Indonesia on May 2013
4. Malaysia on December 2013
5. Phillipines on January 2014
6. Singapore on July 2013
7. Thailand on February 2014
8. Vietnam on November 2012

<http://www.ifac.org/about-ifac/membership/compliance-program/compliance-responses>  
(2014)

	SMO 1 QUALITY ASSURANCE
BRUNEI	<p>The Public Accountant Oversight Committee (PAOC) is responsible for implementing the Quality Assurance Review System (QARS).</p> <p>From 1 Dec 2015, all practicing members are expected to be subject to practice monitoring visits conducted by PAOC.</p>
CAMBODIA	<p>KICPAA has developed a number of tools to assist in the monitoring and evaluation of auditing firms including (i) a firm wide quality control questionnaire, (ii) an audit engagement review questionnaire and (iii) a quality control documentation guidw for compliance with ISQC 1.</p>
INDONESIA	<p>According to:</p> <ol style="list-style-type: none"> <li>1. The Public Accountant Law No. 5/2011, there are 2 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 Indonesia) for monitoring and supervising purposes and Institut Akuntan Publik (IAPI) for constructive development purposes on the quality of the audit engagement system performed.</li> <li>2. The Decree of Minister of Finance (PMK) No. 17/2008 regulates that each firm has an obligation to develop its own Quality Assurance (QA) guidance, recording audit hours and so on.</li> <li>3. The Capital Market Law No. 8/1995, IAPI members who have performed audit engagements for listed companies subject to QA reviewed by the Capital Market and Financial Institution Supervisory Agency (BAPEPAM &amp; LK).</li> <li>4. The State Finance Law No. 17/2003 and the BPK Regulation No 1/2008 states that Badan Pemeriksa Keuangan (BPK) The Supreme Audit Board has to review the works performed by IAPI members if those members conduct audit engagements on behalf or BPK.</li> </ol>
MALAYSIA	<p>All members are also required to comply with International Standard on Quality Control 1 (ISQC 1) with effect from July 1, 2006 and all firms of auditors are subject to the Practice Review Programme conducted by the MIA.</p>
PHILIPPINES	<p>The Board of Accountancy (BOA) under the Philippine Regulation Commission, as the regulator for accountancy, has been given the power to supervise the registration, licensure and practice of accountancy in the Philippines by R.A. No. 9298. "The Philippines Accountancy Act of 2004. The law gives it power to conduct an oversight into the quality of audits of financial statements through a revies of the quality control measures instituted by auditors to ensure compliance with the auditing standards and practices.</p> <p>Memorandum of Agreement (MOA) executed on August 12, 2009 by BOA, Securities and Exchange Commission (SEC), Bangko Sentral ng Philippinas and Insurance Commission were:</p>

	<ol style="list-style-type: none"> <li>1. Philippine Institute of Certified Public Accountants (PICPA) as the accredited professional organization entered into a MOA with BOA to formalize its commitment to provide necessary infrastructure and mechanism to implement the Quality Assurance Review Program (QARP).</li> <li>2. Professional Regulations Commission (PRC)-BOA Resolution no 23, Series of 2010 for the adoption of QARP was published in the Philippines Official Gazette on April 7, 2010.</li> <li>3. A handbook on QARP was published in 2010 and distributed for free to all public practitioners</li> <li>4. A number of information dissemination conferences were conducted all over the country, jointly by BOA and PICPA.</li> </ol>
SINGAPORE	ICPAS has the responsibility for Quality Assurance Review and through its Practice Monitoring Division (appointed by the Accounting and Corporate Regulatory Authority, ACRA) carries out the Practice Monitoring Programme (PMP) in the review of audits of non-public interest entities.
THAILAND	Issue Thailand Standard Quality Control (TSQC) – direct translation of International Standard on Quality Control 1 (ISQC1) Establish Quality Assurance Team (QA)
VIETNAM	The Independent Audit Law No. 67/2011/QH12 promulgated on 29 March 2011 by the National Assembly of Vietnam shall be came into effect from 1 January 2012 and VAA will be initiated a review of the existing professional process in order to bring it in line with the law.

	SMO 2 INTERNATIONAL EDUCATION STANDARDS FOR PROFESSIONAL ACCOUNTING AND OTHER PRONOUNCEMENTS ISSUED BY THE IAESB
BRUNEI	<p>BICPA currently does not have a mandatory requirement for Continuous Professional Development, nor does it conduct its own examinations or issue professional qualifications. Only full members of Mother Institutes (Mis) those professional bodies recognized by the Brunei Darussalam's Companies Act and members of IFAC, are recognized as a certified public accountants.</p> <p>BICPA council in August 2013, approved the requirement of its member with MI memberships to fully comply with the CPD requirements of their Mis.</p> <p>BICPA has in place an ongoing Memorandum of Understanding (MoU) with Association of Chartered Accountants (ACCA) for CPD and its own Accountancy Academy that provides training for members.</p>
CAMBODIA	<p>A majority of current member of the KICPAA hold foreign accountancy qualifications and there is no further examination requirement to maintain membership.</p> <p>Cambodian Law specifies that only professional accountants are Cambodian citizen may undertake audit attestation services. There is limited pool of accountants.</p> <ol style="list-style-type: none"> <li>1. Develop the National CPA Qualification Examination Program</li> <li>2. Continue to Work Closely with Local Universities to Encourage the Implementation of the Developed Standardised Accounting Curriculum</li> <li>3. Develop the International Qualifying Examination Program to Admit Foreign CPAs who wish to become member of KICPAA</li> <li>4. Continue to provide CPD Programs to members and the public</li> </ol>
INDONESIA	<p>In order to get CA designation, and individual must:</p> <ol style="list-style-type: none"> <li>1. Hold the title registered Accountant (Ak)</li> <li>2. Obtain three years practical experience</li> <li>3. Maintaining professional development credits (CPD), the total of 30 CPD per year and 120 credits over 3 years must be obtained.</li> <li>4. All members must submit statements regarding their realized CPD credits during a year to IAI before the end of January of the subsequent year.</li> </ol>
MALAYSIA	<p>MICPA has developed a professional accountancy education programme that addresses the requirements set out in the International Education Standards. Candidates for MICPA membership are required to complete the professional accountancy education programme and satisfy the practical experience requirements.</p> <p>Since July 2009, MICPA adopted examination papers of The Institute of Chartered Accountants in Australia with the exception of Taxation. The candidate who complete the revised programme would be eligible for membership of MICPA and the Institute of Chartered Accountants in Australia (ICAA).</p>

PHILIPPINES	<p>BOA with PICPA and the Association of CPAs in Education (ACPAE), Association of CPAs in Commerce and Industry (ACPACI), Government Association of CPAs (GACPA) and ACPAPP are working on:</p> <ol style="list-style-type: none"> <li>1. Review the curriculum for Bachelor of Science in Accountancy</li> <li>2. Revision of the Syllabi for the CPA Licensure Examination</li> </ol> <p>Continuing Professional Development (CFD) requirements for those CPAs in Public Practice one hundred twenty units effective 2014.</p> <p>PICPA entered into a MOA with Association of Certified Chartered Accountants (ACCA), Institute of Certified Accountants in England and Wales (ICAEW), and National Council of Philippine American Canadian Accountants (NCPACA) with the common objective of exchanging and developing knowledge and skills of members.</p> <p>In August 2013 PICPA published the Accountants' Research Journal FY 2012-2013.</p>
SINGAPORE	<p>Candidate for ICPAS memberships are required to satisfy approved professional examinations (either through recognised local universities, ICPAS Professional Examination (PE) or recognised overseas qualifications), satisfy proficiency in local laws and complete either 5 years of pre and post qualification experience or 3 years of post qualification experience.</p> <p>From 2008, non-practicing members must attain 120 CPE hours of which 60 hours must be structured CPE activities per triennium with coverage of ethics. Within each year, these members must complete 20 structured hours.</p>
THAILAND	<p><b>CERTIFIED PUBLIC ACCOUNTANT (CPA) REQUIRED TO:</b></p> <ol style="list-style-type: none"> <li>1. Have a Bachelor's degree in accounting or equivalent study</li> <li>2. Satisfy practical experience</li> <li>3. Successfully pass seven papers examination</li> <li>4. Must be CPA and register with the FAP</li> </ol> <p>FAP members must maintain their membership status by meeting Continuing Profession Development (CFD) according to IES 7.</p> <p>Develop and implement to monitor and enforce CPD activities.</p> <p>Notify all universities in Thailand that offer undergraduate degree in Accounting about the new and revised IESs.</p>
VIETNAM	<p>The Accounting Law defines accountant as an adequately qualified person hired by the entity to undertake accounting activities and prepare financial statements. Accountant must have minimum secondary qualifications in accounting and possess professional ethics, integrity and good sense of law. Chief accounting has at least 2 years of experience with a university degree and 3 years of experience with secondary qualification in accounting.</p> <p>Ministry of Finance (MOF) has the responsibility and authority to promulgate CPD regulations and the requirement for holders of CPA Vietnam certificates is that they must attend 40-45 hours of knowledge update in one year.</p>

	SMO 3 INTERNATIONAL STANDARDS AND OTHER PRONOUNCEMENTS ISSUES BY THE IAASB
BRUNEI	Brunei Darussalam's regulatory environment is silent on the use of any particular set of auditing standards and the jurisdiction does not have its own standards. The PAOC will be approached by BICPA on the need to adopt International Standards on Auditing (ISA) as the standard for auditing.
CAMBODIA	The Ministry of Economy and Finance has authorised the National Accounting Council (NAC) to work on the full adoption of the International Standards Auditing, Quality Control, Review Engagement, Assurance Engagement, and Related Services.
INDONESIA	The IAPI develop professional standards for public accountants in Indonesia including establishing and implementating the convergance process with IAASB pronoucements through its Professional Standards Board (DSP). Ongoing adoption and implementation of IAASB pronouncements.
MALAYSIA	The Audit and Assurance Standards Board (AASB) is a functionally independent standard-setting body. Standard and technical pronouncement issued by the IAASB are review by the AASB through its rigorous process. The MICPA being a member of IFAC has also adopted all the International Standards of Auditing issued by the IAASB.
PHILIPPINES	As at September 2013, the PRC and BOA have approved the following revised and redrafted standards as recommended by AASC for adoption International Standard on Quality Control 1 (ISQC) 1; 37 International Standards on Auditing (ISAs), 11 International Auditing Practice Statement (IAPSs), 2 International Standards on Review Engagement (ISREs), 3 International Standards on Assurance Engagements (ISAEs) and 2 International Standards on Related Services (ISRSs).
SINGAPORE	The International Standards on Auditing (ISAs), as issued by the International Auditing and Assurance Standards Board (IAASB) are adopted as Singapore Standards on Auditing (SSAs).
THAILAND	All clarity international Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) are being translated to Thai Standards on Auditing with no modifications. Effective after 1 January 2012.
VIETNAM	The Accounting Law provides the legal framework for accounting, auditing, and corporate reporting in Vietnam. Under the Accounting Law, all companies are required to prepare and present legal entity financial statements in accordance with Vietnamese Accounting Standards (VAS) and audits conducted in accordance with Vietnam Standards of Auditing (VSA). Between 2000-2006, The MOF promulgated 26 VSA, all based on international accounting and auditing standards.

	SMO 4 IESBA CODE OF ETHICS FOR PROFESSIONAL ACCOUNTANTS
BRUNEI	BICPA's current Code of Ethics is a standard requirement for its members to be in good standing. BICPA also relies on the Mis, as IFAC member bodies, to require their members to comply with IESBA's Code of Ethics. BICPA in August 2013 formally adopted the IESBA's Code of Ethics.
CAMBODIA	The KICPAA has an obligation to work toward full adoption of the IESBA Code of Ethics.
INDONESIA	The Ethics Committee set by IAI plans to amend the existing code to align it with the existing Code of Ethics for Professional Accountants issued by IESBA and expected to be completed by 2013.
MALAYSIA	MICPA first adopted the IESBA Code of Ethics in November 2007. A committee has been put in place to review the 2013 IESBA Code of Ethics with adoption planned for Q2 2013.
PHILIPPINES	On July 2011, the PICPA Board in a Board Resolution approved for adoption the 2010 Edition of the IESBA Code of Ethics and this was endorsed to the BOA for its final disposition after final exposure jointly sponsored by PICPA and BOA.
SINGAPORE	All members of ICPAS shall observe strictly the ICPAS Code of Professional Conduct and Ethics (the Code) and also the pronouncements on professional matters and professional ethics issued by the Institute. The current code based on the 2006 IESBA Code of Ethics.
THAILAND	The FAP revised Code of Ethics was approved by the General Annual Meeting of FAP member on June 26, 2010 and became effective on Feb 4, 2011. The FAP Code of Ethics is in accordance with Thailand Accounting Profession Act, as well as the updated version (2010) of the International Ethics Standard Board of Accountants (IESBA) Code.
VIETNAM	In 2005 the MOF promulgated Vietnamese professional ethics standards which were based on the 2004 IESBA Code of Ethics with modifications.

	SMO 5 INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSASs) AND OTHER PRONOUNCEMENTS ISSUED BY THE IPSASB
BRUNEI	The Accountant General's Office, which is entrusted with the accounting functions of the Brunei Government, endeavors to adopt IPSASs where possible.
CAMBODIA	KICPAA has no direct responsibility for IPSAS adoption. The Government will play a major decision on adoption of IPSAS. This will be long term project.
INDONESIA	The Public Sector Accounting Standards are prepared by the Indonesian Government Accounting Standards Committee (Komite Standar Akuntansi Pemerintah-KASP), an independent committee that comprises accounting experts from IAI, academics, government, practitioners and so forth. The KASP refers to the 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 cash towards accrual basis.
MALAYSIA	The Accountants General Office, which is entrusted with the accounting function of both Federal and State governments in Malaysia, endeavours to comply with the requirement of IPSASs where possible. The AG's Office has drawn up a road map and implementation plan to adopt IPSASs issued by the international Public Sector Accounting Standards (IPSASB) of the IFAC by January 1, 2015.
PHILIPPINES	Presidential Decree No. 898 passed on March 3, 1976 has given the Commission on Audit (COA) the authority and power on all matters relating to auditing and accounting procedures, systems and controls for the Philippine government. The government has adopted the Philippine Government Accounting Standards (PGAS). Oct 2008, COA formed a Technical Working Group (TWG) and Sub-Technical Working Group in July 2009 to harmonize the PGAS with IPSAS and to update NGAS and Chart of Accounts.
SINGAPORE	The Singapore Government has not yet committed to implementation of the IPSASs. ICPAS uses best endeavors to promote the IPSAS to the Government.
THAILAND	FAP has shared responsibility with Controller General Department (CGD) under Ministry of Finance for setting and promoting adoption and implementation of IPSASs. CGD is in process of feasibility study of IPSASs which chapters are relevance to Thailand and will adopt the relevant section.
VIETNAM	The MOF has full powers to manage the public accounting sector as well as to promulgate any public accounting standards under the guidance of the Government. The MOF currently has no plans in place to implement convergence with IPSAS and VAA is using best endeavors to promote the IPSAS and IPSASB activities to the MOF.

	SMO 6 INVESTIGATION AND DISCIPLINE (I&D)
BRUNEI	<p>The Accountant Order clearly states that the responsibility to investigate and discipline practicing accountants lies with the PAOCs Investigation and Disciplinary Committee, as yet to be formed.</p> <p>For complaints against BICPA members who are not practicing, BICPA's constitution allows BICPA to set an investigation committee to investigate and if the matter is to be referred to disciplinary committee, a disciplinary committee can be established.</p>
CAMBODIA	KICPAA is directly responsible for putting in place investigation and disciplinary processes for its membership. Due to resource limitations KICPAA has yet to develop fully-fledge investigation and disciplinary regulations and guidelines.
INDONESIA	IAI has set up its Disciplinary Committee, its main function is to conduct disciplinary process for all IAI members. IAI also has an appeal board to undertake the appeal process for its members that has been sanctioned by disciplinary committee.
MALAYSIA	On admission to membership, each member is provided a copy of the Institute's constitution which includes the provisions and processes for the investigation and disciplinary proceedings. They have the Investigation Committee consists of seven members of council.
PHILIPPINES	<p>There is Ethics Committee created.</p> <p>PICPA activities and projects on SMO 6 are coordinated with ACPAE, ACPAPP, ACPACI and GACPA.</p> <p>Nov 2012, PICPA issued a Primer on Violations of the Accountancy Law, Definition of Misconduct that are punishable, Types of Sanctions, Liaison with Outside Bodies, Right of Representation and Appeal.</p>
SINGAPORE	ICPAS takes any breach of its code, rules and professional standards seriously and has in place an investigation and disciplinary process to deal with complaints against its members which is in line with SMO 6.
THAILAND	<p>The FAP's Committee on Professional Ethics has the responsibility to investigate and discipline FAP members. The Committee is compromised of between 9 and 15 respected and suitably qualified individuals.</p> <p>The current law, Accounting Professional Act B.E. 2547 (2004) does not provide the Ethics Committee with the capacity to impose the full range of penalties recommended by the IESBA.</p>
VIETNAM	<p>The Vietnam Government promulgates and the administrative process for managing misconduct in accounting and audit operations. VAA has to manage its members.</p> <p>In 2010 VAA issued the regulations on judging the administrative penalty for serious errors in accounting and auditing operations.</p>

	SMO 7 INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)
BRUNEI	The Brunei Darussalam Accounting Standards Committee (BDASC) in July 2012 formally announced the adoption of IFRS for Public Interest Entities for accounts beginning January 2014.
CAMBODIA	KICPAA has no direct responsibility for adoption of the IFRS and IFRS for Small and Medium Enterprises (SMEs). The Ministry has delegated the authority for adoption to the NAC. Three members of NAC from KICPAA <ol style="list-style-type: none"> <li>1. NAC has already adopted IFRS and IFRS for SMEs without modifications.</li> <li>2. Cambodian International Financial Reporting Standards (CIFRS) are effective from January 1, 2012. All public entities are required to comply.</li> <li>3. CIFRS for SMEs have been effective from January 10, 2010.</li> </ol>
INDONESIA	The Indonesia financial accounting standards or Standar Akuntansi Keuangan (SAK) are developed by the Indonesian Financial Accounting Standard Board (DSAK-IAI). Milestones: <ol style="list-style-type: none"> <li>1. In 2008, IAI issued formal statement that PSAK fully converged with IFRS.</li> <li>2. In Jan 2012, the Board finished to revising SAK in accordance with IFRS as effective at Jan 1, 2009, with the exception of IFRS 1 First Time Adoption of IFRS, IAS 41 Agriculture, and IFRIC 15 Agreements for the Construction of Real Estate.</li> <li>3. In 2013, the Board will continue the IFRS convergence process by analyzing the amendments of IFRS from the period Jan 1, 2009 to Jan 1, 2013, Interpretations (IFRIC 18-20) and revising some of the current standards by taking into consideration the changes occur in the related IFRS.</li> </ol>
MALAYSIA	The Malaysian Accounting Standards Board (MASB) was set up to establish the set of accounting standards for both private entities and non private entities in Malaysia.  In 2008, the MASB has adopted the policy of converging all Financial Reporting Standards with the International Financial Reporting Standards issued by the IASB by January 2012.
PHILIPPINES	The FRSC is the body authorized to establish and promulgate generally accepted accounting principles (GAAP) in the Philippines, and recommend them to BOA and PRC for adoption in the Philippines. The FRSC pronouncements are adopted from the International Accounting Standards Board (IASB) compliance with the standards is monitored by the Securities and Exchange Commission (SEC).
SINGAPORE	The Accounting Standards Council (ASC) is the legal authority in Singapore empowered to prescribe accounting standards. Its broad policy is to adopt IFRS with consideration for the local environment. Modifications to the IFRSs, if any, are minimal.
THAILAND	The latest full version of Thai Financial Reporting Standards (TFRSs) was

	<p>prepared in accordance with the IFRSs bound volume 2009. FAP also issued THRSs for Non-Publicly Accountable Entities (TFRS for NPAEs).</p> <p>At present, Thailand is in the process of convergence of Thai Accounting Standard (TAS)/TFRS with IFRS and the IFRS for SMEs. Being updated in accordance with IFRS Bound volume 2012. Target implementation Jan 2014.</p>
VIETNAM	<p>At present, only some business, mainly those with foreign investment, apply IFRS.</p> <p>The work process to implement IFRS in Vietnam includes:</p> <ol style="list-style-type: none"> <li>1. Translating and circulating the IFRS</li> <li>2. Putting IFRS into teaching curricula at universities and colleges</li> <li>3. Popularizing and raising awareness of IFRS</li> <li>4. Organizing training courses and seminars</li> </ol>

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Kind regards,  
Elvia

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**CHALLENGES, OPPORTUNITIES, AND STRATEGIES IN FACING THE ASEAN ECONOMIC COMMUNITY IN 2015** **1 - 9**

**Evin Calista**

**Shinta Aprilliana**

**INDONESIAN INSTITUTE OF ACCOUNTANTS (IAI) TOWARDS ASEAN ECONOMIC COMMUNITY (AEC) 2015** **10 - 39**

**Lita Kusumasari**

**ANALYSIS OF ACCOUNTING STUDENT’S RETENTION IN TAXATION SUBJECTS** **40 - 55**

**Alfa Rahmiati**

**ENHANCING STUDENTS ORAL PRESENTATION SKILLS: OBSERVATION BASED ON UNDERGRADUATE ACCOUNTING STUDENTS** **56 - 76**

**Elvia R. Shauki**

**Helen Benzie**

**BRIDGING THE GAP BETWEEN ACCOUNTING EDUCATION AND ACCOUNTING IN PRACTICE: THE CASE OF UNIVERSITAS MAHASARASWATI DENPASAR** **77 - 92**

**I Gusty Ary Suryawathy**

**I Gede Cahyadi Putra**

**THE INSTITUTIONAL ENVIRONMENT OF ACCOUNTING PROFESSION IN ASIA** **93 - 116**

**Prem W.S. Yapa**