



Indonesia

Building a Compliance Management System for Exceeding Corporate Objective

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Consulting and Research

Implementation of the ISO 37001:2016 Anti Bribery Management System (Bribery Risk Assessment, Gap Analysis, document drafting, Anti-Bribery Compliance Function, Internal Audit training) - Baseline Study - Business Risk Identification and Corruption Risk Map - Research - Monitoring and Evaluation - Standard Operational Procedure - Code of Conduct and Code of Ethic Policy drafting - Design and Standardization of Training Modules/Guidelines for Trainer - Campaign and Communication of Anti-Corruption and Integrity Internalization - Compliance Review - investigation

Anti-corruption and Integrity Training

Certified ISO 37001:2016 Anti Bribery Management System Lead Implementer and Lead Auditor Training - Anti-corruption System in a Business: Practical Tools - Anti-corruption in Government Procurement: Tips & Practice - The essence skill of investigation for business, community, and public sector - Investigative Interview - A shield to fight against corruption: 5 practical steps DAP+RR (Best Practice Sustain) - Understanding ISO 37001 - Policy Advocacy

Management Training, Communication, and Public Services

Effective and Persuasive Communication using NLP - Design and Monitoring Implementation & Evaluation (Based on RBM) - Building an Effective and Efficient Teamwork - Behaviour and Entrepreneurial mindset for employees - Leadership integrity-based - How to be a best facilitator and moderator - Writing minutes and work report (1 page report) - Building an excellence public services (effective communication for front-liner) - Supervision/Mentoring Training for Trainers

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Achievements

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BEYOND RECOGNITION



- SustaIN is an Authorized Gold Partner with the Professional Evaluation and Certification Board (PECB), Canada for Certified Lead Implementer & Certified Lead Auditor ISO 37001 ABMS, Certified Lead Implementer Compliance Management System ISO 37301.
- **More than 520 Practitioners, Experts** (Alumnae) from various Background, including academics, public institutions, private companies, SOEs has joined SustaIN's Certified Training Program.
- In 2022, SustaIN received an Award from PECB Canada as **The Best South East Asia Partner of The Year 2022**

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Clients



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Profile



PAULINE ARIFIN, S.E., MComm
DIRECTOR SUSTAIN

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More than 19 years professional experience in International Organisations, Private Sector and Public Organisation. Wide-depth experience in integrity management, project management, strategic communication, monitoring and evaluation.

- Certified Lead Implementer Compliance Management System (ABMS) ISO 37301:2021,
- Certified Senior Lead Auditor Anti-Bribery Management System (ABMS) ISO 37001:2016,
- Certified Senior Risk Manager ISO 31000,
- Certified Senior Lead Implementer ABMS ISO 37001,
- NLP Practitioners,
- Certified Human Resource Professional (CHRP)
- Anti Corruption, Business Integrity,
- Policy Advisory,
- Capacity Development (Training, Learning), Institutional Development,
- Learning Module Development,
- Monitoring & Evaluation Specialist,
- Certified Asesor Penyuluh Anti Korupsi LSP KPK,
- Certified Integrity Officer LSP KPK.



Anti-Fraud Week
Sarajevo, Bosnia & Herzegovina
November 2019
As a Resource Person for
ISO 37001:2016

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Agenda



Risk & Consequences of Non Compliance

What is Compliance and Benefits of Compliance Management System ISO 37301:2021

Why CMS & Framework Compliance Management System (CMS)

Challenges and Opportunities

Way Forward (Recommendations)

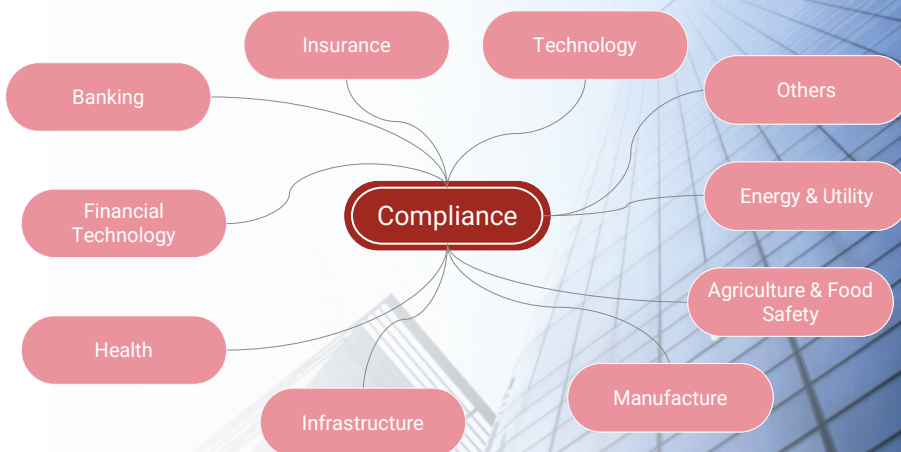
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“We can change the world and make it a better place. **It is in your hands** to make a difference.” Nelson Mandela

Compliance navigates all industries





Definition

Compliance Program is a systematic approach designed to ensure that an organization meets its obligations under all applicable laws, regulations, best practices and standards, contractual obligation, and institutional policies.

Compliance

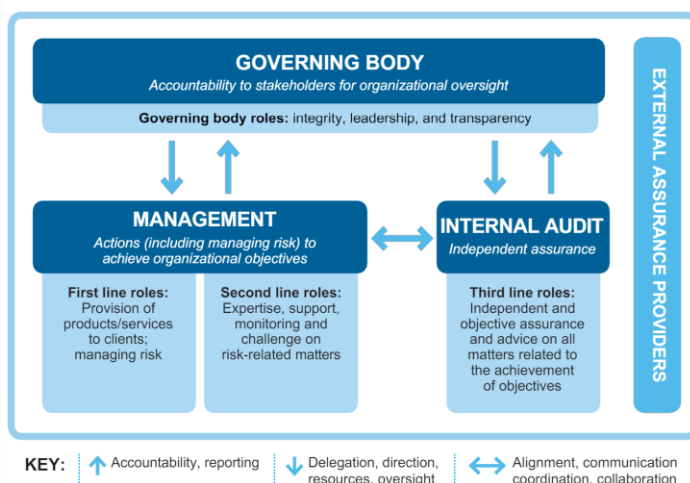
Meeting all the organizations compliance obligation

Non Compliance

Non-fulfillment of compliance obligation

Three Lines Model

The IIA's Three Lines Model



Sample of Non Compliance

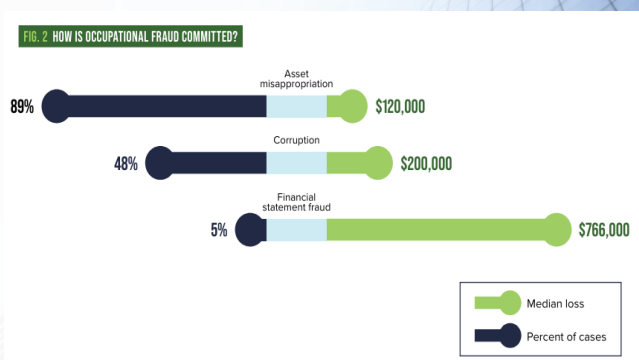
1. Failure to submit regular reports (financial, performance, etc.) to respective authorities in a prompt manner (organization);
2. Failure to perform operational work based on standard operating procedure;
3. Failure to conduct due diligence on project/activities/financial transaction;
4. Failure to conduct due diligence on recruitment/promotion to ensure integrity and adequate competency of the candidate;
5. Refusal to attend training arranged by Company, making her/him incompetent in particular subject and create risk of safety/inefficiency/ineffective. Including, create inefficient training cost;
6. Falsifying records;
7. Failure to obtain proper certifications/illegal operations;

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Risk of Non Compliance & Fraud

1. Of the 3 types of fraud, the most common is misappropriation of assets (89%), while the one that causes the most losses is fraud in financial statements.)
2. 32% Fraud occurs due to weak/lack of internal control.
3. Operations is the area where fraud occurs the most (14%).

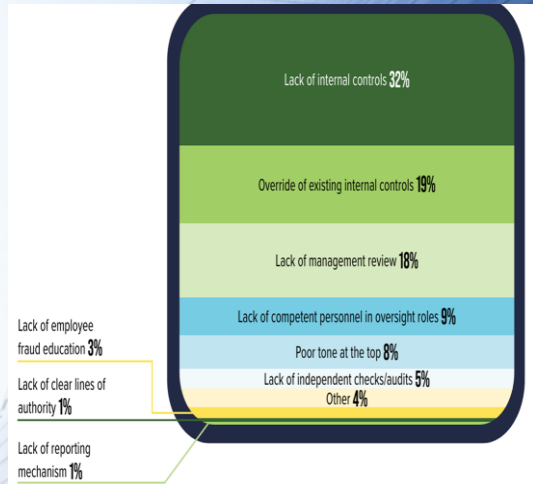


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Source : [ACFE, 2024 Report to The Nations](#)

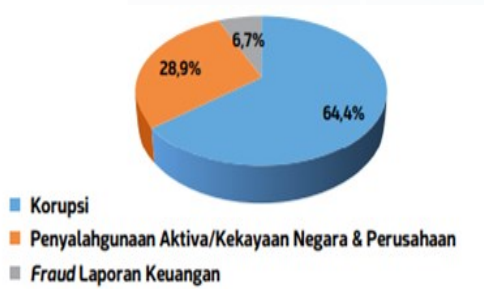
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Risk of Non Compliance & Fraud



Risk of Non Compliance & Fraud

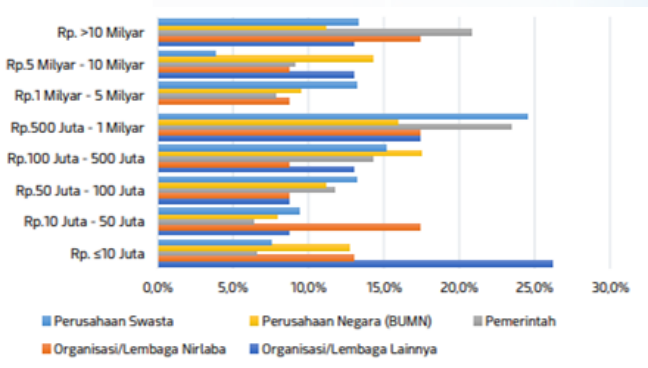
The most common type of fraud in Indonesia



Corruption (64.4%) is the most common type of fraud in Indonesia.

Risk of Non Compliance & Fraud

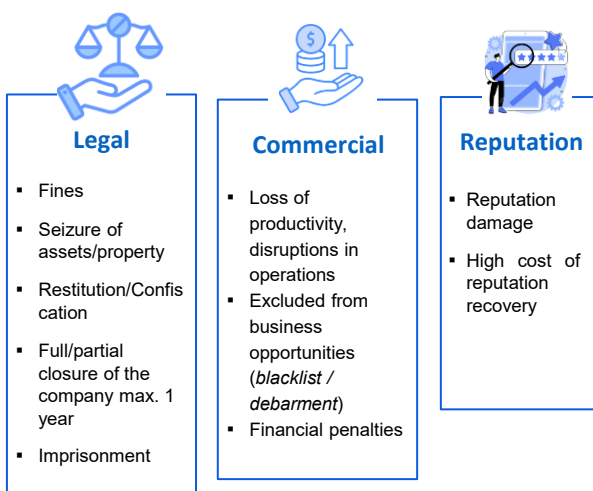
Fraud Losses by Organization Type



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Source : Survei Fraud Indonesia 2019 - ACFE

Consequences of Non Compliance (Potential loss)



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Consequences of Non Compliance (Potential loss)

Indonesia Potensi Rugi Rp11 Triliun karena Pemerintah Tak Patuh Aturan

EKONOMI & PASAR



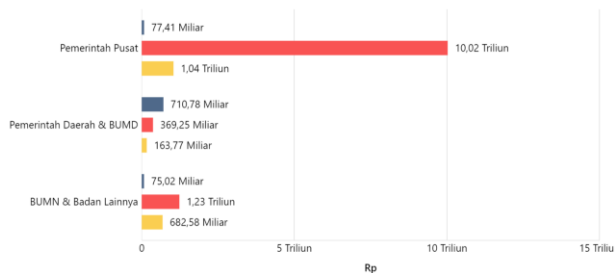
Adi Ahdiat

22/06/2023 13:50 WIB



Kerugian Negara akibat Ketidakpatuhan Pemerintah/BUMN/BUMD pada Aturan Perundang-undangan (Semester II 2022)

databoks



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Source: <https://databoks.katadata.co.id/datapublish/2023/06/22/indonesia-potensi-rugi-rp11-triliun-karena-pemerintah-tak-patuh-aturan>

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Consequences of Non Compliance



Corporate Crime:

Conducted by **people** who have **work relationship** or **other relationship** either individually or jointly, **acting for and on behalf of the corporation** in **within** or outside the **corporate environment**.

Press Release

Sixteen Firms to Pay More Than \$81 Million Combined to Settle Charges for Widespread Recordkeeping Failures

The Huntington Investment Company self-reported and was ordered to pay lower civil penalty than other firms

FOR IMMEDIATE RELEASE
2024-18

Washington D.C., Feb. 9, 2024 — The Securities and Exchange Commission today announced charges against five broker-dealers, seven dually registered broker-dealers and investment advisers, and four affiliated investment advisers for widespread and longstanding failures by the firms and their employees to maintain and preserve electronic communications.

The firms admitted the facts set forth in their respective SEC orders, acknowledged that their conduct violated recordkeeping provisions of the federal securities laws, agreed to pay combined civil penalties of more than \$81 million, as outlined below, and have begun implementing improvements to their compliance policies and procedures to address these violations.

Source:
<https://www.sec.gov/news/press-release/2024-18>
<https://www.justice.gov/opa/pr/ford-motor-company-agrees-pay-365m-settle-customs-civil-penalty-claims-relating>

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Benefits of Compliance for Businesses



Risk Mitigation

Consider **compliance to be a shield**. It protects businesses from financial and legal fallouts caused by non-compliance, significantly reducing the risk of hefty fines, penalties, sanctions, or legal battles.



Operational Efficiency

Compliance isn't just about avoiding trouble; it's about working smarter. By adhering to regulations, businesses streamline operations, minimize errors, and optimize workflows. This translates to increased productivity, cost savings, and a competitive edge in the marketplace. In essence, compliance can be a catalyst for operational excellence.



Reputation

Compliance builds trust and credibility with customers, partners, and stakeholders.



Prevention of Non Compliance

Improve capability of Organisation to prevent, detect and response risk of compliance



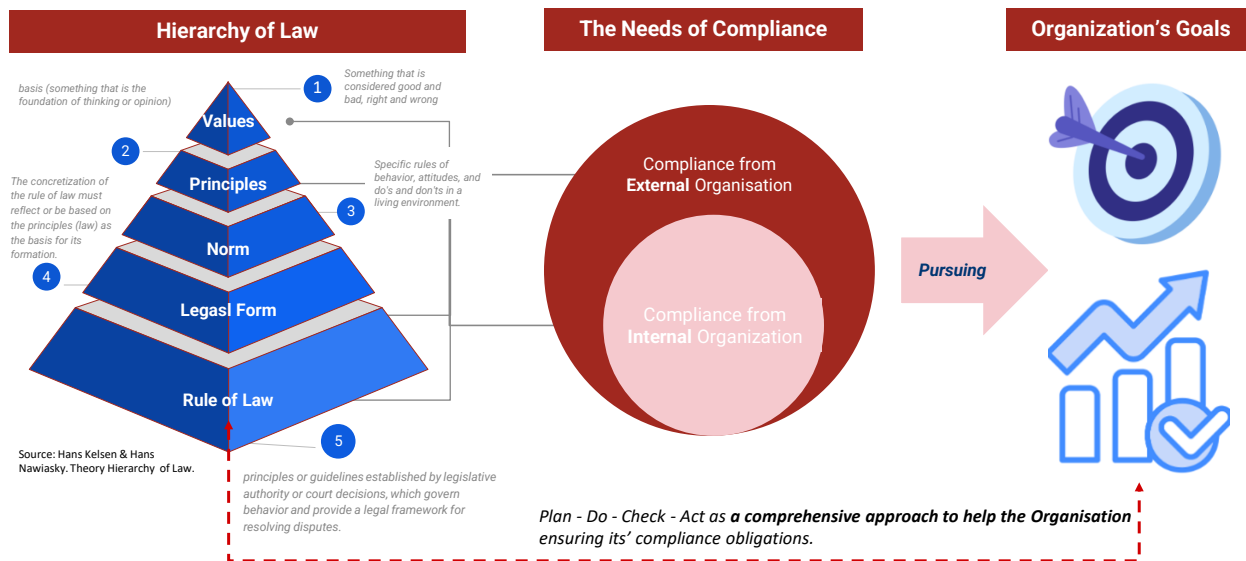
Opportunity to obtain a third party recognition of the CMS

Promote **continuous improvement** of the CMS through certification of the CMS ISO 37301:2021.

PECB CONNECT <https://medium.com/@eClearAG/navigating-compliance-trends-in-cross-border-commerce-dad494892076> & PECB

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Why Compliance Management System ?



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@SustalN

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Overview Compliance Management Systems ISO 37301:2021

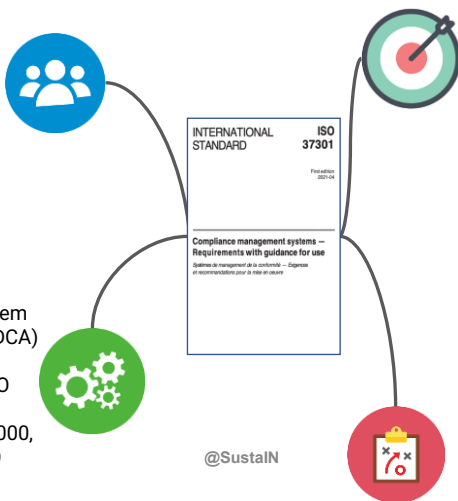
For whom?

- Private Organization
- Public Organization
- Non-profit

Organization Certification

Approach?

- Risk Management System
- Plan, Do, Check Act (PDCA)
- High level structure
- Separate/Integrated ISO Other Management Systems (ISO 9001, 14000, ISO/IEC 27001, ISO 26000, ISO 31000, ISO 37001)



Purpose & Benefits ?

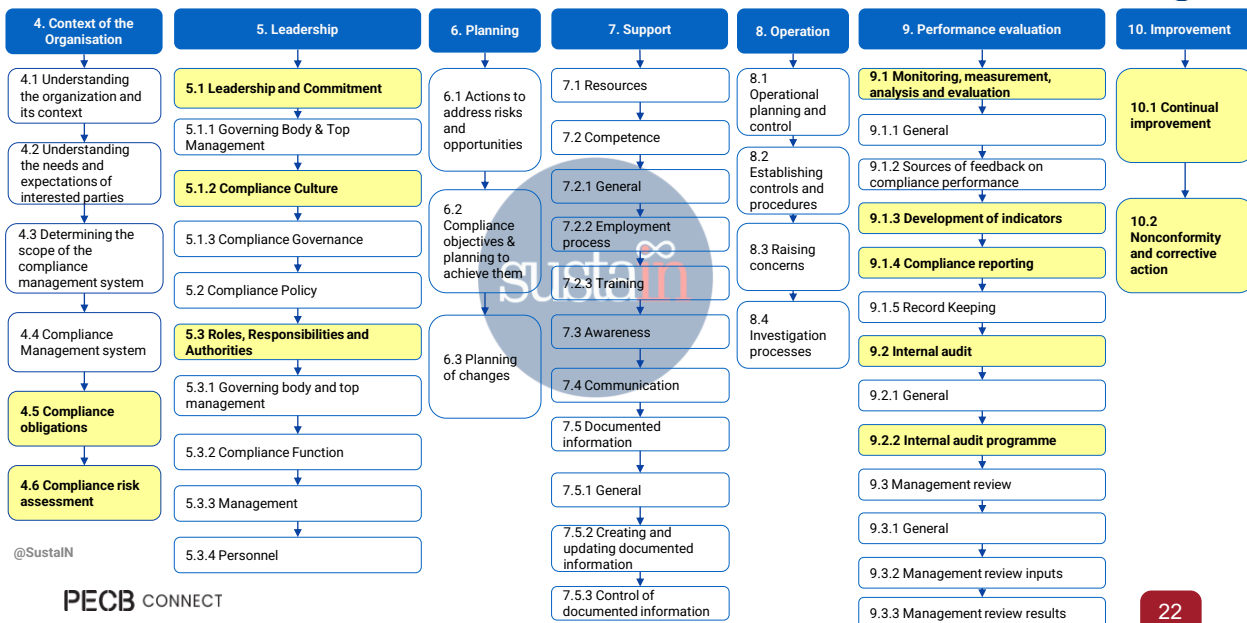
- Increase business opportunities and sustainability;
- Protect and enhance the reputation and credibility of the organization;
- Take into account the expectations of interested parties;
- Increase third-party confidence in the organization's capacity to achieve sustainable success;
- Minimize the risk of a breach occurring with its attendant costs and reputational damage.
- Improve quality *due diligence* and productivity

Key Principles?

- Proportionality
- Integrity
- Good Governance
- Transparency
- Accountability
- Sustainable

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ISO 37301:2021 Compliance Management System Framework



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Challenges of implementing a Compliance Management System

- Broad scope and fast changing new or updated laws and regulations
- Misleading: Only Compliance Function / Department responsible for it
- Other governance system have been implemented, why CMS?
- Lack of knowledge, competences, compare broad scope and fast growing compliance requirements
- Changing societal, political exposure that which necessitate changes in operational practices, code of conducts and other commitments



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8 Features of Modern Compliance Program & Potential Solutions of the Challenges



Management Commitment



Compliance Advisory (Directive, Consultation, Recommendation)



Assessment of Compliance Culture, including Risk assessment on the Draft Policies, Regulations, Procedures



Risk Assessment, Existing Control and Ensuring adequacy of Mitigation Plan



Early Warning System Risk of Non Compliance (Alert)



Adequate and Continuous Training & Awareness Program



Reporting Mechanism; *anonymous*, clear procedure and no retaliation policy



Monitoring and Compliance Evaluation

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Source: PECB & SustaiN

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Way forward (Recommendations)

- 1 Conduct Gap Analysis regularly in refer to the Compliance Management System
- 2 Assess maturity of compliance culture; *ethical behaviour*, accountability, transparency, needs and expectation interested parties, respect for the rule of law, etc.
- 3 Develop Roadmap of Compliance Management System
- 4 Ensure adequate knowledge and skills of Compliance Personnel. Conduct continuous learning/training, for instance ensure all Compliance Personnels Certified Lead Implementer Compliance Management System
- 5 Conduct in-depth compliance gap analysis based on regulations, standard operating procedures at the workplace
- 6 Implement a comprehensive Compliance Management System, including; monitoring and evaluation of compliance

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Q&A Session

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