



**WE ARE IN THIS
TOGETHER**

Follow us



@AFA_Accountants



ASEAN Federation of Accountants



ASEAN Federation of Accountants

Contact us



afa@afa-accountants.org



www.afa-accountants.org

AFA names **ASSISTANT PROFESSOR TEERACHAI ARUNRUANGSIRILERT** as Deputy President

AFA announces the appointment of Assistant Professor (A/P) Teerachai Arunruangsirilert as its Deputy President. A/P Teerachai takes over from Mr. Suphot Singhasaneh and will continue his term through December 31, 2021.

A/P Teerachai is the current Vice President of TFAC and has served as the Chairman of the ASEAN Chartered Professional Accountant Coordinating Committee (ACPACC) in 2017-2019, working with representatives of the ASEAN Governments in implementation of the ASEAN MRA on Accountancy Services.

“AFA as the regional body for the ASEAN Professional Accountancy Organisations is pleased to welcome A/P Teerachai on board. We look forward to continuing our excellent cooperation with TFAC and our member organisations, in developing the ASEAN accountancy profession.” said AFA President, Wan Tin.





Navigating through a Sea of Uncertainty: ASEAN PAOs are Dealing with the Impact of COVID-19, Together as One



●●● Wan Tin
President, ASEAN Federation of Accountants

When this edition of the AFA Connect is published, we would bid farewell to 2020 and welcome 2021 with a new sense of hope. This year has been challenging for all, including stakeholders of the accountancy profession. From IFAC as the global body for the profession based in New York, to the sole proprietor with a small office in the corner of Jakarta, every one of us has been affected by the COVID-19 pandemic—professionally and personally.

Amid the adversities, the ASEAN camaraderie has proven once again to be the foundation for our rebuilding and refocusing efforts. This same spirit of togetherness is also shared by stakeholders of the ASEAN accountancy profession. Throughout the year, AFA is working even closer with our member organisations, partners, and stakeholders to provide ASEAN accountants with the latest update and information, opportunities for networking and continue with their professional development.

As identified in a McKinsey¹ survey, responses to COVID-19 have accelerated the adoption of digital technologies by several years—and that many of these changes could be here for the long haul. Businesses and individuals, young and old, technology now becomes an inseparable part of our daily life. For a Professional Accountancy Organisation (PAO), technology could be a bane or boon, depending largely on its ability to adapt to and implement technology to its advantage. For many, it is an effective platform for communicating with and delivering services to their members.

I am pleased to share highlights of our “success stories” in 2020, as we continue to build on this in 2021.

Capacity Building through Technology

For AFA, technology provides us with a platform for networking and sharing that goes beyond geographical boundaries. This year, we co-organised 8 events and supported 16 events, with average attendance of 450, and participated in more stakeholders’ activities, regionally and globally. We are now more than ever, connected with a broader network of accountants and stakeholders from different corners of the world.



¹ <https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/how-covid-19-has-pushed-companies-over-the-technology-tipping-point-and-transformed-business-forever>

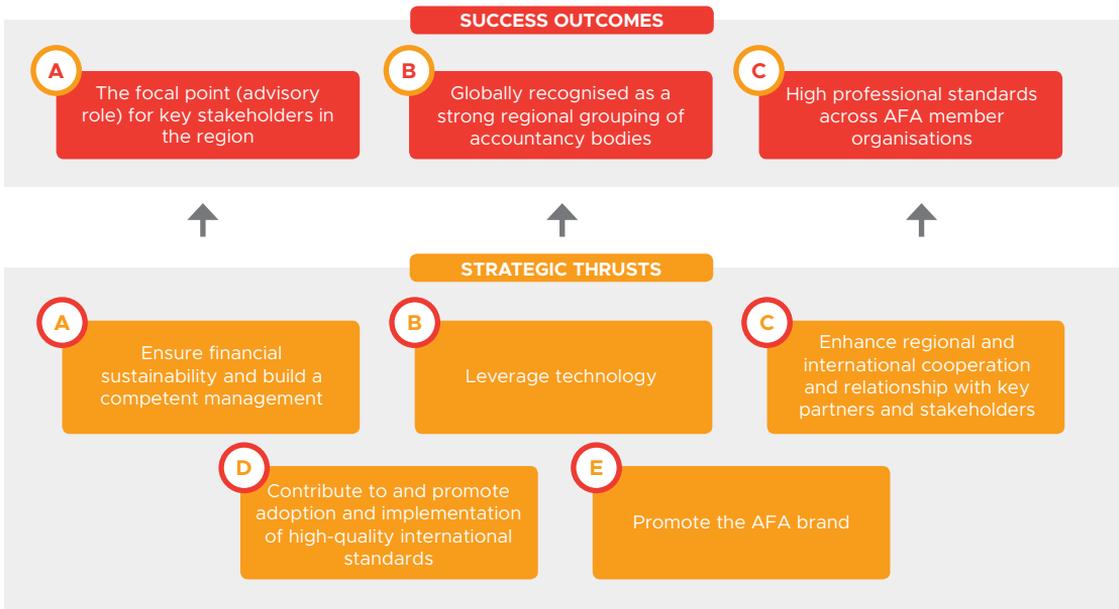
This privilege allows us to work more efficiently towards our vision—to be globally recognised as the organisation that represents the accountancy profession in the ASEAN region. The importance of technology is further highlighted in our Strategic Plan for 2020-2023: Leveraging Our ASEAN Connection, Strengthening the GLOBAL Network. The Plan identifies technology as one of the strategic thrusts that AFA needs to leverage on, to achieve the Federation’s success outcomes for the period.

AFA and our member organisations are leveraging technology to continue building the capacity of ASEAN accountants and the ASEAN accountancy profession. We believe technology is here to stay, and it is up to us to maximise its potential as a platform and tool for realising our aspirations for the profession.

Another key element of our successful endeavours in navigating through a challenging 2020 is collaboration. AFA leverages our role as the regional body for the profession, a partner for networking and collaboration, and a platform for ASEAN accountants’ voices in global discussions to build a stronger connection with our partners and stakeholders.

This year, we partnered with our member organisations—IAI and ISCA, to support the hosting of their respective flagship events: the IAI Aspiring Professional Accountants Festival 2002 (APAFest 2020) and ISCA Practitioners Conference 2020. For AFA, it was an opportunity to collaborate on efforts to promote the profession to the next generation of accountants and to prepare ASEAN practices for the future.

I am genuinely excited with the prospect of technology, and how AFA and PAOs in the region can use it to accelerate our collective efforts in building the ASEAN accountancy profession.



AFA Strategic Plan 2020 - 2023

Expanding Our Global Network

By now, I am certain platforms such as Zoom, Microsoft Teams, or GoToWebinar have become second nature for most of us who are privileged. They are now part of our daily life—professional and personal. In fact, I cannot imagine a day without a single virtual call, meeting, or even webinar.

Another silver lining of the dark 2020 cloud has been the enhanced opportunities to engage with a wider group of stakeholders—old and new, further expanding our global network of partners and stakeholder. This year, AFA participated in 6 stakeholders’ activities, representing the ASEAN accountancy profession. We introduced AFA and our development initiatives, as well as selected activities of our member organisations.

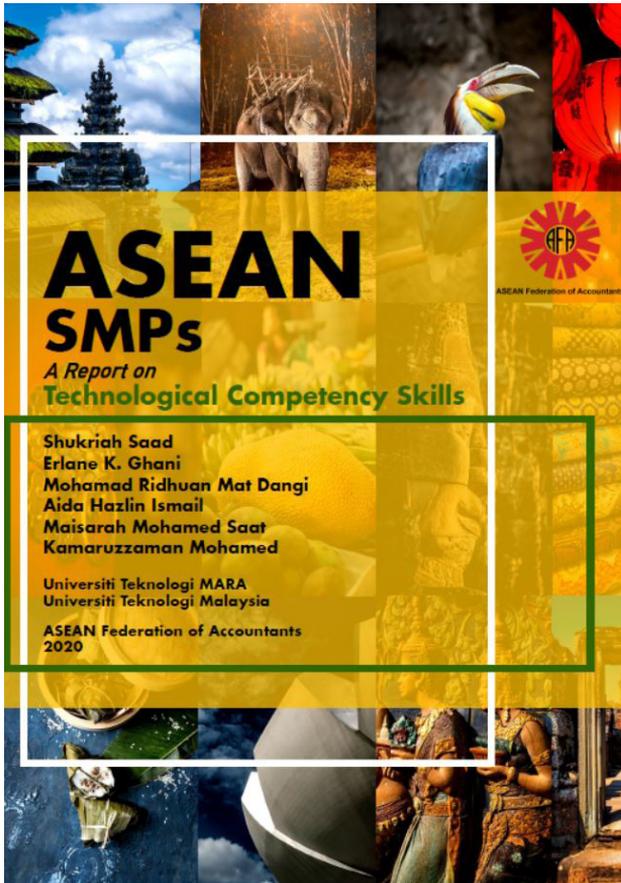
In November, AFA Executive Director and I were invited to present at the 75th PICPA

Annual National Convention – PICPA’s flagship event about our initiatives in 2020, viewed by more than 3,200 PICPAn from around the world. Earlier this year, I was privileged to be included among a panel of global leaders to share our thoughts on the impact of COVID-19 pandemic on reporting and assurance at the ICAI Global, attended by more than 10,000 participants.

We recognise the importance of engaging with these stakeholders, to establish connections, explore potential for collaborations, and leverage on our collective resources to provide ASEAN accountants with access to the latest information and opportunities for high-quality CPD activities on the latest topics relevant for the information.

I look forward to continuing our communication and welcoming our new partners and stakeholders to our region when the situation improves.

Regional Thought Leadership on SMPs (and Technology)



Finally, I am pleased to share despite the many uncertainties and challenges this year, we have successfully completed our second research initiative after the AFA Research Report 2018.

Conducted by a group of researchers in Malaysia, the AFA Research Report 2020: ASEAN SMPs – A Report on Technological Competency Skill is looking at the level of technological competencies, frameworks, and challenges faced by ASEAN Small and Medium Practices or SMPs in improving their technological competency skills. It is an output of our AFA Research Grant 2019 initiative, introduced following a successful publication in 2018 (i.e., AFA Research Report 2018).

Why SMPs? Because we recognise the important role that they are playing in particularly supporting our SMEs in reaching their full economic potential. SMPs are or should be the trusted partners and advisors in SMEs' development journey.

The focus for this year's research initiative is particularly important and relevant. Especially with how COVID-19 has spurred the need to accelerate digitalisation in view of the distance economy. Hence, ASEAN accountants and practitioners need to develop technology-related competencies to remain relevant. Just as what we have discussed previously on the trends that are changing our business landscape.

By the time you are reading this, the Report would have been published and available in our website. I strongly urge you to download and read the Report. More importantly, share it with your colleagues and peers, and discuss what we can do together to improve ASEAN SMPs' competencies in technology.

I hope you will find this edition of our AFA Connect informative and useful.

I look forward to welcoming you at one of our events and activities in 2021.

Thank you.



Scanning the Horizon, Embracing the Future: Preparing a Future-Ready ASEAN Accountancy Profession



●●● **Edward Tanujaya**
Director, Member and Partnership Services, Institute of Indonesia Chartered Accountants



●●● **Aucky Pratama**
Executive Director, ASEAN Federation of Accountants

2020 has been a year of resilience, a time when we discovered new things and re-discovered new ways of doing things that we have been doing under a 'normal' situation. For a Professional Accountancy Organisation (PAO), it was a year for reinventions, as PAOs around the world were forced to identify and implement new measures to continue with their efforts in providing values to their members.

For IAI as the recognised PAO for professional accountants in Indonesia, 2020 served a reminder on how the organisation needs to maintain its agility and adapt to changes—

fast. COVID-19 pandemic has without a doubt accelerated public's acceptance towards many things that are considered as new, including technology.

Current generation of young people are the most informed, connected and engaged the world has ever seen. With the complex challenges affecting Indonesia and the wider region, exacerbated by the COVID-19 pandemic, this young demographic, often called as millennials or Gen-Z, will accept nothing but for those around them, including the accountancy profession to keep up with what is relevant today, and tomorrow.

Aspiring Professional Accountants

Aspiring Professional Accountants Festival 2020 (APAFest 2020)¹ is the largest and most prestigious annual festival for IAI Student Members and outstanding accounting students in Indonesia. It is a festival of creativity that brings together the best future professional accountant candidates with professionals of leading companies in Indonesia. The festival aims to create connections between the profession, industry, and the best accounting students and graduates in Indonesia.

Future—a blueprint for our efforts in developing the accountancy profession in Indonesia” said Prof. Mardiasmo, President of IAI.

The almost 2-month events successfully attracted more than 3,500 participants, many of which also participated in different competitions such as APA Champ 2020, National APA Award, APA Best Paper, HIMA Challenge, CA Scholarship Selection, and on the softer side, a Cover Song Competition of IAI Hymn, held to provide platforms for Indonesian students to compete with their peers and hone their hard and soft skills.



After three successful events, this year IAI has to transition into a virtual festival, to adapt to the many limitations that come with the pandemic. Focusing on the positive side, the Institute took this as an opportunity to revamp the festival into a series of virtual events and activities, expanding its reach to include participation from partners and participants from all corners of Indonesia, ASEAN, and even other countries outside of the region.

“The spirit of APAFest 2020 is in line with and reflect our values, strategies, and priorities for the period, as defined under Initiative 6.1 or Prakarsa 6.1: Mastering Change, Preparing for the

These aspiring accountants are the future of Indonesian accountancy profession and will be the ambassadors for the Institute’s future initiatives for accounting students and young accountants in the country.

APAFest 2020 also presented a series of webinar, focusing on current and future topics relevant for not only the young accountants but also those with interest in learning more about changes that are affecting the profession. IAI’s commitment to share this with as many audiences is reflected in the recordings of the sessions that have been made available for view via the Institute’s YouTube page. As of December 2020, the recordings have been viewed more than

¹ <https://apps.iaiglobal.or.id/apafest/2020/>

10,000 times (and counting). IAI invites everyone to access these recording and relive the excitements of the speakers and participants and learn first-hand from experts that have shared their insights on many relevant topics.

Preparing a Future-Ready ASEAN Accountancy Profession

AFA as a proud Strategic Partner for APAFest 2020 is encouraged with the positive responses from participants and stakeholders, not only those from Indonesia but also around the ASEAN region.



As highlighted in AFA President, Wan Tin's remarks "AFA's role as the Strategic Partner for APAFest 2020 reflects our commitment to work with IAI to promote excellence and build the capacity of accountants in the region. We recognise the importance for continuous building of the capacity of ASEAN

accountants. Accountants today and in the future need to have a strong communication and networking skills, as well as ability to adapt to changes. APAFest 2020 is a great platform for young accountants to engage with and learn from local and international experts".

An important part of the future of ASEAN accountancy profession is implementation of the ASEAN MRA on Accountancy Services. IAI and AFA, together with the Finance Professions Supervisory Center of the Ministry of Finance and the Accountancy Monitoring Committee Indonesia (AMCI) discussed this as part of the Webinar Series, to build awareness among young accountants and why they need to open their eye to regional possibilities and opportunities.



The festival also served as a platform for sharing between PAOs in the region. In collaboration with the Malaysian Institute of Accountants (MIA), IAI conducted a discussion on future relevance of the accountancy profession, looking at the importance for the profession to be seen as a relevant part of the continuously changing business ecosystem, today and tomorrow. While the Philippine Institute of Certified Public Accountants (PICPA) shared with the participants inspiring videos from accounting students and young professional accountants

in the Philippines, providing insights into life as part of the profession in the country.

Finally, participants were also treated with invaluable opportunities to hear first-hand from prominent speakers such as the Ministry of State-Owned Enterprises and Ministry of Finance of the Republic of Indonesia, as well as IFAC President (then Deputy President), Alan Johnson. Their sharing was truly an inspiration for many, encouraging young generation to embrace and master change, utilise technology as a platform to create values, and continue to adapt as expectations for the role of accountants develop in the future.

APAFest 2020 culminated in a joint session with the Finance & Business 2030 (Finbiz2030)² – a joint initiative between One Young World (OYW) and Chartered Accountants Worldwide (CAW). Held to coincide with commemoration of International Accounting Day (November 10), close to 3,000 viewers from around the globe witnessed an inspiring sharing from OYW ambassadors, those making differences in Indonesia and the ASEAN region.

It was an opportunity for aspiring accountants in the region to hear how accountants are not just number crunchers. Accountants can make a difference in different aspects of our life, bringing our values of integrity and accountability, as well as our role as trusted advisors into many decisions made by our leaders. And as the OYW ambassadors have proven, accountants can and probably should be leaders wherever they are. This is expressed with the theme of the successful joint session: Better Leadership, a Better Future.

² <https://charteredaccountantsworldwide.com/finbiz2030/>

The banner for APAFest 2020 Virtual features a background image of a large tree. At the top left, it includes the logos for IAI (Ikatan Akuntan Indonesia) and IFAC (International Federation of Accountants). The main title 'APAFEST 2020 VIRTUAL' is prominently displayed in the top right. Below this, the event theme 'BETTER LEADERSHIP, A BETTER FUTURE' is written in large, bold letters, with the date 'NOVEMBER 10 14.00 WIB' and the website 'www.FinBiz2030.com'. A registration link 'Free Registration: bit.ly/APAFEST2020' is provided. A '5 CPO' badge is visible on the right. The banner is divided into two main sections: 'APA Inspirational Session' and 'Finbiz2030'. The 'APA Inspirational Session' section lists four speakers: Prof. Mardiasno (Minister of Finance of the Republic of Indonesia), Dr. Sri Mulyani Indrawati (Minister of Finance of the Republic of Indonesia), Dr. Agus Joko Pramono (Vice Chairman, The Audit Board of the Republic of Indonesia), and Erick Thohir (Minister of State-Owned Enterprises of the Republic of Indonesia). The 'Finbiz2030' section lists eight speakers: Michael Izza (Chairman, CAW), Kate Robertson (Founder, One Young World), Anggaris Anggie Chintia Pristina (Co-Founder, Generation Finance and OYW Ambassador 2019), Belinda Teo (Chairperson, ICA Young Professionals Advisory Committee), Farwiza Farhan (Environmental activist and recipient of the Whitley Award and OYW Ambassador 2019), Gitihi Ananthanarayanan (COO, PricewaterhouseCoopers and OYW Ambassador 2019), Inwandy Iwan (Chief Growth Officer, Global OYW and OYW Ambassador 2019), and Leonardo Kusilus (Founder, Kapsul Keanekaragaman). At the bottom, it mentions 'Building Resilience: A FinBiz 2030 Series, led by Chartered Accountants Worldwide and One Young World' and includes logos for Finance & Business 2030, One Young World, and Chartered Accountants Worldwide.

Next Steps

As IAI's APA Fest has transformed into a regional – even global platform – that connects future professional accountants, more to come need to be done to ensure that this younger generation of accountants keep their agility and be ahead of future challenges that full of uncertainties. Through collaboration with regional and international bodies, IAI continues to engage also with academic and business stakeholders ensuring Indonesia's aspiring professional accountants to be the leader in Finance, Accounting, and Business.

Terima kasih.



How Management Accountants Can Protect Their Businesses – During COVID and Afterward



●●● **Josh Heniro, Ph.D.**

Southeast Asia & Australasia Senior Director of Operations, Institute of Management Accountants

The COVID-19 pandemic has impacted the global economy like no other single event in living memory, causing disruption in every region of the world. Southeast Asia has been an exception, and while the region has generally performed better through the pandemic than others, a recent World Bank report has proven sobering. According to that report, the combined economies of Southeast Asia will grow only 0.9% this year, while the number of impoverished people will rise for the first time in 20 years. The region will therefore not escape the economic fallout of COVID-19; nor will its management accountants be able to escape the tough decisions and difficult circumstances being faced by their peers in harder-hit parts of the world.

But the management accountant can also serve as an important force for good and

reassurance during difficult times, helping to both shore up the financials of organizations and minimize risk, and serving as an effective communicator with key stakeholders. As Southeast Asia and the rest of the world begin to re-emerge from COVID-19 (with the potential for more resurgences), there are three key ways that management accountants will prove valuable to their organizations.

Protecting Supply Chains

Over the past few decades, the global economy has become increasingly interconnected, with supply chains spanning the world. Now, COVID-19 and the rush to re-patriate key industries has accelerated that process. CFOs and other finance professionals, who have already been playing a greater role in supply chain

management, will need to be more active about understanding every link in the global business.

The first principle that management accountants will need to follow is that of avoiding over-reliance on a single country or region within a supply chain. The COVID outbreak, which is global in scope but impacted different countries and regions to different degrees, shows the danger of over-reliance and the downside of global interconnectedness. Even a company in a country that has minimal cases or successful containment policies can see its business severely impacted because of turmoil in its main supplier location. The finance team will have to think beyond merely saving money and pursue diversification of supply chains to ensure that events – whether pandemics, natural disasters or political turmoil – do not suddenly throw the business into chaos.

Beyond over-reliance, finance teams need to understand supply chains in more minute detail. For example, an auto manufacturer may source parts for its engines from a country that has not been severely impacted by COVID-19, but an isolated outbreak in one location could shut down the factory that it relies upon. Though only a single link is broken, the lack of engine parts can disrupt the full supply chain. Having insight into what is going on across the supply chain will become more crucial to minimizing these risks.

Implementing an Integrated Risk Management Framework

Now is also the time for finance teams to take the lead in implementing sound Enterprise Risk Management (ERM) systems in the event of crises that have the potential to disrupt business processes and endanger employees, to minimize the danger of future unforeseen events. Fortunately, finance professionals around the world have guidance here. Adopting the COSO Enterprise Risk Management – Integrated Framework can provide finance teams, in addition to other departments, a comprehensive roadmap to developing a successful ERM system.

Implementing a successful ERM system goes beyond the finance function, requiring a heightened level of cross-functionality across the entire organization. An organization's finance department is closely intertwined with its operations, human resources and IT functions, among others. COVID-19 has demonstrated this; one of the greatest financial risks to organizations involved the health of workforces, as a workforce infected by the virus could no longer work. It has thus been essential for finance leaders to fully understand how HR was helping employees stay healthy and safe, while also accessing HR's vital employee data. Similarly, the rise of cybercrime in recent years has heightened





the financial risk of hacking and other forms of cyberattacks. This means that finance has an intense interest in the workings of the IT department and should regularly work with IT teams to gauge those types of risks.

Management accountants have to not just be aware of risks and the need to implement ERM systems but must abandon any lingering sense that it is a “siloe” function of the business, confined to financial analysis, reporting and management. The finance function must be at the center, not the periphery, of any organization, and must have systems in place that guarantee continuous dialogue with other areas of the business.

Communicating with Stakeholders

The volatility of the global economy this year – and the possibility of slow recovery and tepid growth over the coming year – means that shareholders will likely be scrutinizing earnings reports to a greater extent than usual. The finance team is, of course, at the forefront of the financial reporting process, collecting data from the various functions within an organization and determining what is material or useful to shareholders. But the uncertainties of the present era mean that finance professionals will have to think more

strategically and in a long-term fashion to present information – such as on corporate sustainability and human capital issues – that go beyond short-term profits and losses and reassure investors that the organization is well-positioned to recover and grow in the future.

Once again, the management accountant must outgrow his or her traditional role as a bookkeeper and demonstrate an ability to not only think and act strategically but communicate information and plans in a persuasive, reassuring way. Investors are not just looking for information; they are looking for a sense of stability and certainty about the future direction of the company amid disruption and change. Working closely with communications and investor relations teams is essential to fulfilling this role as a communicator with key stakeholders, who include not just shareholders but employees, vendors and customers as well.

COVID-19 has been a uniquely disruptive event, but there are more crises that the world will have to face in the future. For management accountants, this should be a call to fully understand the risks of the business and begin preparing for the road back to recovery and growth, while being ready to address other dangers.