

The Relevance of Small and Medium Sized Practices (SMP) for Accountability in the New Economy Era

Indonesian Institute of Certified Public Accountants

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ABOUT Small medium practices

- No specific definition on SMPs
- SMPs Characteristic
 - sole practitioners or partnership with small-number of partners (under 5 partners)
 - most of the clients are small and medium entities (SMEs)
 - have limited internal resources
- More than 90% Firms in Indonesia is SMPs
- SMPs Client's portion 45% of 30.000 total client's in Indonesia
- Revenue from SMPs is 13% from total Firms's Revenue in Indonesia

ABOUT MICRO SMALL MEDIUM ENTERPRISES ENTITIES

- More than 62.000 MSME in Indonesia
- Problems facing MSME
 - Lack of expertise in financial reporting, tax and business strategy
 - The need to access financial institution like Banks

OJK Initiative for MSME to Go Public (IPO for MSME)

CHALLENGES FACING SMPS

- Attracting New Clients
- Keeping Up with New Regulations and Standards
- Experiencing Pressure to Lower Fees
- Rising Costs
- Differentiating from the Competition
- Finding and Retaining Qualified Staffs
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How are SMPs transforming their practices?

- Specializing in non-audit services and moving away from traditional service focused practices;
- Investing in new technologies (cloud computing, data analytics);
- Talent management and developing both technical and soft skills (selling, negotiating, branding);
- Rethinking their pricing models by moving towards value pricing over time-based billing;
- Increasing their promotional efforts and placing greater focus on branding and marketing, including developing a digital marketing strategy; and
- Developing networks and partnerships to extend their knowledge, share resources and enter referral arrangements

SMPs Relationship to SMEs

- Small- and medium-sized practices (SMPs) have an important role to play in supplying professional services to their small- and medium sized enterprise (SME) clients.
- Research conducted by the IFAC indicates that SMPs continue to be the preferred advisors and natural service providers to SMEs

WHAT SMPS CAN DO FOR MSMEs

- Offering a range of non-assurance professional services that are more naturally suited to the SMEs' profile such as
 - compilations
 - agreed-upon procedures
 - client accounting services
 - advisory
 - consultancy services
- SMPs can help MSMEs owners to produce more credible financial information and gain access to better advice in order to make important decisions about the growth of their businesses

What IAPI has done

- Established Committee Small Medium Practices
 - Improving the quality of the Small Medium Practices
 - Supporting the improvement and development of Micro, Small and Medium Enterprise entities (MSMEs).
- Cooperation with Coordinating Ministry for Economic Affairs, Micro Small Medium Entities Division in order to improve the quality of MSMEs Financial Report.
 - Workshop and mentoring for MSMEs in several cities (Semarang, Surabaya, Bogor)
- IAPI's Regulation for formulating Fair Audit Fees (PP 2 tahun 2016)
- Training for Professional Staff (Focus on SMPs' Staffs)

What IAPI will do

- Establish Audit Guidance for Small Medium Practices.
- Cooperation with PPPK to continue completing Audit Toolkit ATLAS (Minilab Audit).
- Practical Guidance for other services provided by Small Medium Practices.
- Establish SMP's Helpdesk for consultation and mentoring.
- Cooperation and collaboration with other parties in enhancing the capacity and quality of SMPs.
- Continuing relationship with government and institution to help the development of MSMEs.

