



Business Impact

"Internal Control Over Financial Reporting safeguards the integrity of financial statements through systematic control frameworks, ensuring accurate reporting and timely risk mitigation in increasingly complex banking environments."

POJK No. 15 Tahun 2024, Integritas Pelaporan Keuangan Bank

Challenges

- Accelerated Implementation Timeline.** Banking institutions must establish comprehensive internal control frameworks within tight regulatory deadlines—3 months for policy development and 6 months for specialized unit formation—requiring coordinated efforts across multiple business units.
- Cross-Functional Collaboration Requirements.** ICOFR implementation demands seamless coordination among risk management, finance, audit, and operational teams, ensuring unified control assessments and consistent reporting methodologies.
- Regulatory Convergence Complexity.** Financial institutions face simultaneous compliance with multiple regulatory frameworks, including Solvency requirements and ICOFR mandates, necessitating integrated solutions to minimize implementation redundancy.
- Measurement and Documentation Scope.** The expanded scope of control design documentation, testing procedures, and risk assessment requires sophisticated data management capabilities and robust process governance frameworks.
- Stakeholder Accountability.** Regulators and investors increasingly expect transparent demonstration of effective internal controls, demanding rigorous testing, comprehensive documentation, and proactive reporting of control deficiencies.

The Issue

ICOFR Implementation Imperative: POJK No. 15 Tahun 2024 establishes mandatory requirements for Internal Control Over Financial Reporting, elevating governance standards across Indonesia's banking sector. The regulation addresses three critical dimensions of financial integrity:

Dimension	Description
Control Design & Execution	Enhanced detection and prevention of fraud through formalized control documentation and systematic validation
Governance Accountability	Clear assignment of responsibility across the Board, Executive Management, and Audit Functions
Risk & Compliance Reporting	Proactive identification and reporting of control deficiencies with continuous monitoring and remediation

Implementation success requires institutions to establish control environments that generate reliable financial reporting, detect and prevent fraud, and demonstrate governance effectiveness. Banking organizations must develop integrated processes spanning control identification, design validation, operational testing, and continuous monitoring.

Our Approach

We address ICOFR implementation complexity through comprehensive software and consulting services that enable institutions to:

- Design Integrated Control Frameworks:** Establish end-to-end internal control structures aligned with COSO principles, spanning control identification, documentation, design validation, and operational effectiveness testing.
- Implement Unified Governance Platform:** Deploy centralized systems for control management, risk assessment, compliance documentation, and audit trail maintenance, ensuring data consistency and transparency across organizational boundaries.
- Enable Phased Implementation:** Begin with foundational control assessments and progressively advance toward mature, optimized control environments applicable across the entire portfolio of business processes and financial transactions.
- Accelerate Control Execution:** Automate routine control activities, testing procedures, and evidence collection through advanced process management capabilities, reducing manual effort while improving accuracy and timeliness.
- Optimize Beyond Compliance:** Extend ICOFR infrastructure to support proactive risk monitoring, predictive analytics, and continuous control effectiveness improvements, delivering strategic value beyond minimum regulatory requirements.

The SAS® Difference

With SAS GCM (Governance, Compliance & Monitoring), you can meet all ICOFR requirements using a single, integrated, and comprehensive platform. Core capabilities include:

Challenges

- **Unified Data Architecture:** Integrate data from multiple source systems—core banking, ERP, risk management platforms—ensuring consistent risk and control information across the organization.
- **Control Management Framework:** Establish standardized control definitions, design specifications, ownership assignments, and monitoring mechanisms through centralized control libraries and configuration tools.
- **Testing & Evidence Management:** Execute control testing workflows with automated evidence collection, supporting documentation linkage, and audit trail preservation for regulatory validation.
- **Risk-Control Mapping:** Establish bidirectional relationships between identified risks, designed controls, and monitoring indicators, enabling comprehensive impact analysis and remediation tracking.
- **Deficiency Classification & Reporting:** Systematically identify, classify (Control Deficiency, Significant Deficiency, Material Weakness), and report control deficiencies with supporting analysis and remediation roadmaps.
- **Continuous Monitoring:** Deploy Key Risk Indicators (KRIs) and Key Control Indicators (KCIs) with automated alert mechanisms to identify control performance degradation in real time.
- **Advanced Analytics & Reporting:** Generate executive dashboards, detailed control assessments, trend analysis, and forward-looking compliance projections supporting management decision-making.
- **AI-Powered Insights:** Leverage machine learning for anomaly detection, control effectiveness prediction, and intelligent remediation recommendations based on historical performance patterns.

Implementation Roadmap

Successful ICOFR implementation follows a structured progression across six interconnected phases:

Phase	Key Activities	Outcomes
Planning	Scope definition • Materiality calculation • Entity assessment • Risk identification	Documented scope • Baseline risk assessment • Governance structure
Development	Process documentation • Control identification • Risk-control mapping • Design specifications	Process models • Control libraries • Design documentation • Testing frameworks
Implementation	Control execution • Self-assessment • Design validation • Training & change management	Operating controls • Assessment results • Control test results • Organizational readiness
Evaluation	Control testing • Design assessment • Effectiveness evaluation • Gap identification	Test results • Design compliance • Operating effectiveness • Deficiency analysis
Remediation	Root cause analysis • Remedial action planning • Implementation • Monitoring	Action plans • Implementation status • Monitoring dashboards
Reporting	Deficiency classification • Report generation • Management communication • Regulatory submission	ICOFR assessment • Management reports • Regulatory filings

Each phase leverages integrated platform capabilities to ensure progressive maturity of the control environment while maintaining alignment with regulatory expectations and organizational capacity.

Critical Success Factor

- **Executive Leadership Commitment:** Active Board and Executive Management sponsorship, demonstrated through resource allocation, priority setting, and accountability structures.
- **Organizational Readiness:** Development of skilled internal teams through training, external consulting support, and change management programs, ensuring sustainable capability.
- **Technology Enablement:** Implementation of integrated governance platforms with sufficient scalability, integration flexibility, and analytical capability supporting mature control environments.
- **Process Standardization:** Establishment of consistent methodologies, documentation standards, and governance frameworks applicable across organizational silos.
- **Continuous Monitoring Culture:** Institutionalization of ongoing control effectiveness assessment, trend analysis, and proactive remediation mindsets supporting sustainable governance.

The integrated platform ensures transparency, auditability, and continuous improvement of internal control effectiveness.

Why Choose SAS® for ICOFR Implementation

- **Regulatory Expertise:** SAS has implemented 1,400+ institutional ICOFR, Solvency II, IFRS 9, BCBS 239, and Basel frameworks worldwide.
- **Integrated Platform:** Single unified system for control management, risk assessment, compliance reporting, and continuous monitoring.
- **Industry-Specific Solutions:** Pre-configured templates, frameworks, and libraries tailored to banking sector requirements.
- **Global Partnerships:** Strategic partnerships with leading system integrators, cloud providers, and technology partners, ensuring implementation flexibility.
- **Continuous Innovation:** Regular platform enhancements incorporating emerging regulatory developments and best practice evolutions.

Value Realization

Dimension	Quantitative Benefits	Qualitative Benefits
Financial	Reduced audit costs • Decreased manual effort • Optimized resource allocation	Enhanced cost transparency • Improved financial predictability
Operational	Accelerated control execution • Reduced testing timelines • Automated evidence collection	Process standardization • Operational consistency • Risk awareness culture
Governance	Improved regulatory compliance • Reduced deficiency findings • Faster remediation cycles	Enhanced transparency • Stronger stakeholder confidence • Competitive positioning
Strategic	Digital transformation enablement • Continuous improvement infrastructure • Data-driven decision support	Organizational adaptability • Innovation acceleration • Market resilience

Ready to Transform Your ICOFR Implementation?

Discover how SAS governance, compliance, and monitoring solutions can help your institution meet ICOFR requirements while building sustainable control excellence and operational resilience.



Ismed Iqbal
GM Delivery
0812-1480-0818
iqbal@mmi-pt.com



Akbar N. Putra
Product Manager
0821-1556-2599
akbar@mmi-pt.co.id



Achmad Nurfadli
Presales
0857-6212-4081
achmad.nurfadli@mmi-pt.com