GRC SUMMIT 2019

Report

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DAY 1 - Panel Discussion of Governance, Risk Management, and Compliance (GRC) Integration and Implementation

2019 GRC Summit is an International event that initiated by the National Committee on Government Policy (KNKG), Indonesian Association for Risk Management Professionals (IRMAPA), and the Institute of Compliance Professional Indonesia (IcoPI). The 2019 GRC Summit leads the theme of "Sustaining Through Integrated GRC". The meaning of this theme is the primary key for companies to be able to build a sustainable business. So, this event encourages the companies to be able to apply the concept of GRC, specifically: principled performance accurately and integrated as a whole.

The 2019 GRC Summit material session begins with the presentation material of GRC Integration which was delivered by The Global GRC Practitioners, namely Carole Switzer. Carole said that GRC is not only a concept and formality about 'What to do when facing problems at the company?' yet the concept of three main pillars that encourage companies to have excellent results in all aspects. Governance, Risk Management, and Compliance are "one limb" that are interrelated and cannot be separated from each other. First, the governance aspect is related to the big goals that need to achieve by the company, how the company can measure the performance and promote transparency. Second, risk management is related to how the company can manage risk appropriately so that it turns into opportunities to succeed in achieving objectives. Also, compliance is the "main tools" to implement and integrate the GRC in the company.

Carole Switzer stressed that the risk is not one thing that must be feared and avoided in the corporate sphere. Carole stated that "Risk is like a fire. If it controlled, it helps you yet if it uncontrolled it destroy you." This statement gives the understanding that risks can be an opportunity or threats. The risk will become an opportunity in the company when we can see the risk from several aspects and be able to take the right steps and strategies to mitigate the risk. Conversely, the risk will become an obstacle in the company if the company does not have good

knowledge and management related to risk management. So, the outcome of the risk (will be an opportunity or threat), depends on how we treat the risk.

Another important session in the 2019 GRC Summit is a Panel Discussion filled by several prominent speakers. They are Ms Rasika Mohan (Senior Specialist at Cardno International Development, Melbourne, Australia), Mr Hari Setianto (Senior Risk Management Expert Director of PT ASABRI (Persero) Risk Management, Finance, & Investment), Mr IPW. Margha Putra (Senior Compliance Expert Communication Forum of Banking Compliance Director (Banking Compliance Director Communication Forum -FKDKP)), and Mr Riant Nugroho (Senior Public Policy & Governance Expert Visiting Fellow at the University of Malaya and the University of Indonesia). Also, this Panel Discussion was guided by Ms Sri Hartati Rahayu as a Practicing Lawyer Partner at Holman Fenwick Willan (HFW) and Founder of Rahayu & Partners in Association with HFW Indonesia. This Panel Discussion aims to discuss the critical role of GRC in various sectors in the company, particularly with the industrial 4.0.

One example presented in this Panel Discussion is related to the role of GRC in the banking sector. Global economic conditions are increasingly volatile and unpredictable, which increasing competitiveness in the banking sector. The business environment changes, the goals, desires, and interests of the community also change. Every financial service provider is demanded to be able to fulfil every desire of the community. Also, the rapid development of technology and information has encouraged the banking sector to be able to adapt quickly and comprehensively. The company will never fulfil all of these demands without a basis of reference that is the umbrella of all plans, policies, and strategies. In this case, GRC has become a necessary reference for the banking sector to improve operations to serve the community at large. In general, GRC is not only limited to one particular company sector, but it is universal and comprehensive. By the concept of visible performance in GRC, companies must be able to show their performance in a transparently. Besides, the companies are also required to provide maximum performance in order for the impact can be felt clearly.

4

GRC also become a tool kit for the company to achieve its objective. GRC integrates the entire business process, objectives, and interests of the company into a single, complete and comprehensive entity. On the other hand, GRC allows companies to have a culture of good corporate governance. As Carole had stated, GRC will contribute to significant changes in the company, where those very much related to habits and conditions in the company. These two things will form its own culture within the company.

As a whole, the integration and the implementation process are two different components that are interrelated each other. With the comprehensive integration of GRC in the company, all related components will become interconnected, making it easier to find the information. The comprehensive integration of GRC much supports the company in implementing the GRC concept comprehensively. Through integration and a comprehensive implementation process, the three pillars of the GRC will become a powerful "weapon" to support all related components, so that they can run company operations properly and effectively. The primary key to success in implementing GRC is associated with all aspect of the company. Specifically for the decision-making process, every member of the company (especially the company's executive member) must be able to give their maximum ability to the company in order to gain competitive advantage.

DAY 2 - Master Class of Governance, Risk Management, and Compliance (GRC) as a Tool for The Companies

The complexity of GRC encourages every division in the organisation to have full awareness in implementing GRC, especially for practitioners of governance, risk management, and compliance. The other side, the concepts in the GRC must be understood thoroughly for all the members of the organ in the organisation. To get a better understanding of the GRC concept, CRMS Indonesia conducted the GRC Master Class session at the 2019 GRC Summit. In general, the GRC Master Class is a sharing session program which filled by Carole Switzer (Co-Founder and President of OCEG) as the main speaker and led by Mr Fadjar Proboseno (Board of IRMAPA, Former Head of Audit Department - Astra International) as the moderator.

The main objective of the GRC Master Class is to provide comprehensive knowledge and understanding related to the importance of GRC integration in companies. It essentially tells us about the critical terms of GRC implementation. On the other hand, it also shares about the obstacles in implementing GRC Integration. There are two components emphasise in the GRC Master Class session that is related to the importance of the process model with PDCA steps (plan, do check, act) and a concept called "Three Lines of Defense".

The PDCA process model is used as a basis of thinking in the GRC Capability Model (OCEG Red Book GRC Capability Model version 2.1). The first is the PLAN which determining the objectives and the risk management framework in the organisation. The second is DO; it is the application of risk management in the organisation. The third is CHECK which reviewing and evaluating the implementation of risk management. Also, the Forth is ACT which implementing alternatives that result from the inspection process. The PDCA Process are tools used to solve the problems and to encourage the organisations in achieving the objectives.

The three lines of defense are risk management coordination models which perform within the organisation that divides organisational functions into three layers of defense which against the risks.

Therefore, Carole explained that the GRC Capability model consists of eight primary components, namely:

- Context
- Arrange
- Assess
- Right
- Detecting
- Respond
- Measure
- Interact

The GRC Capability Model and Key Performance become the primary reference for implementing GRC in the organisation and helping them to identify the solution to manage the risks. Besides, Carole stated that in its implementation, the GRC cannot single-handedly, but must be accompanied by other integrated components, such as in information technology which helps the organisation to integrate the interrelated components to obtain the goals.

The other session of the Master Class is the Panel Discussion which discusses the role and implementation of GRC facing industry 4.0. In which, the case technology has a massive role in determining the direction of successful implementation of the strategy. As stated earlier, this Panel Discussion revealed that the concept of PDCA and the three lines of defense helped the three pillars of the GRC to connect with other relevant information. On the other hand, GRC is not the primary solution to solve problems in the organisation, but rather an option to solve the problems in the organisation. If the GRC is carried out correctly on the existing regulations, then it will be able to support organisations to stay on the right track when conducting their operational activities.

The important of GRC integration system encourages practitioners, including corporate governance practitioners and the company's executive board to work together to implement the system. GRC integration system makes the organisation tend to be more responsive in identifying the environmental conditions, mainly it will produce several alternative considerations in decision making.

The GRC Master Class are well conveyed to all attendees. It is showed by the high enthusiasm of each participant to ask questions and seek more knowledge in the Panel Discussion session. Overall, The GRC Master Class provides all participants with a comprehensive understanding of GRC and its basis for implementing in the organisations. The GRC Master Class was closed by giving souvenirs to all speakers as a symbol of appreciation for the dedication given at the 2019 GRC Summit.