

ABSTRACT

Risk exists in every process in an organization. However, these risks can be the opportunity to growth, as Deloitte wrote “Organizations that are most effective and efficient in managing risks to both existing assets and to future growth will, in the long run, outperform those that are less so. Simply put, companies make money by taking intelligent risks and losing money by failing to manage risk intelligently.”

Asia Pulp and Paper (APP) first was operated in year 1972, and since then it has grown into a multi national company. With such vast size of organization, it needs to have a good system of risk managements. For this purpose, APP sets Internal Audit function and forms the risk management framework. Along the practice, this framework has been improved based on the best practice, and this framework has indeed follows COSO Enterprise Risk Management framework as a generally accepted standard.

In this thesis, based on the study on company’s need and current practice, the author proposes to build an application that can accommodate the risk management implementation in more effective and efficient ways. As part of the proof of concept, the prototype is presented. It consists of three parts: the first part is event identification, the second part is the risk assessment, and the last part is reporting prototype.

These prototypes function as reference for system development, while also provides readers better comprehension on the subject. The result of the system

implementation is believed to be able to solve the existing problem faced by the company: eliminate subjective judgment in risk level determination, avoid missing or undocumented reports, avoid human error in manual data compilation, and shorten the lead time of risk assessment process.

Key Words: Risk Management, Internal Audit, COSO ERM Framework,
Information System, Prototype.