



BPK Leading the UN Panel of External Auditors

THE PANEL DISCUSSED THE MANAGEMENT OF CLIMATE CHANGE FUNDING AND THE DIGITAL TRANSFORMATION AT THE UN.



4

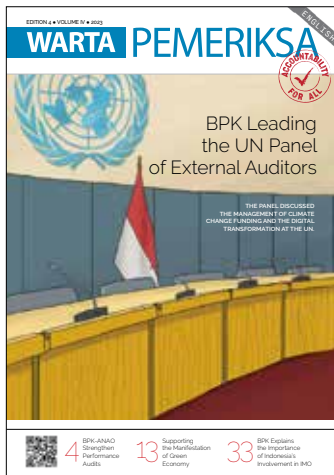
BPK-ANAO Strengthen Performance Audits

13

Supporting the Manifestation of Green Economy

33

BPK Explains the Importance of Indonesia's Involvement in IMO



EDITORIAL ADVISORY BOARD

Isma Yatun
Hendra Susanto
Bahtiar Arif

EDITOR-IN-CHIEF/GUARANTOR

R. Yudi Ramdan Budiman

MANAGING EDITOR

Sri Haryati
Kusuma Ayu Rusnasanti

DEPUTY MANAGING EDITORS

Bestantia Indraswati
Ami Rahmawati

EDITORIAL STAFF

Dominika Dayvera Rosana
Sylvia Ika Oktavi
Ratna Kusuma Hening

SECRETARIAT

Apriyana
Sudarman

SECRETARIAT ADDRESS

The Audit Board
of the Republic of Indonesia
Jalan Gatot Subroto no 31 Jakarta
Phone: +62-21-25549000
Extention: 1188/1187
E-mail address:
wartapemeriksa@bpk.go.id
www.bpk.go.id

PUBLISHED BY

Secretariat General
The Audit Board
of the Republic of Indonesia

BPK auditors are prohibited from requesting/receiving money/goods/other facilities from parties related to the audit.

(Source: BPK Regulation 4/2018 concerning BPK Code of Ethics)

In the fourth edition of 2023, the editorial discusses the submission of the 2023 First Summary of Semester Audit Reports (IHPS) from the Audit Board of the Republic of Indonesia (BPK) to the House of Representatives (DPR), Regional Representative Council (DPD), and President Joko Widodo (Jokowi). In regard to this, the follow-up on audit is one of the issues discussed.

Chair of BPK, Isma Yatun, stated that follow-up on audit is a crucial part in maximizing the impact of audits for accountability and transparency mechanisms within the good governance framework. "Synergy and integration between BPK and DPR are fundamental aspects to make this happen," said Isma in delivering the 2023 IHPS I to DPR in Jakarta, Tuesday (5/12/2023).

IHPS I 2023 contains a summary of 705 audit reports (LHP), consisting of 681 financial audit reports, 2 performance audit reports, and 22 special purpose audit reports (DTT). The reports revealed 9,261 findings which included weaknesses in the internal control system, non-compliance which could result in losses, potential losses and revenue shortfalls, as well as uneconomical, inefficiency and ineffectiveness (3E) with a total value of Rp18.19 trillion. Based on this audit, during the audit process, the entity has followed up by depositing money and/or handing over assets amounting to Rp852.82 billion.

This edition also discusses the trust carried by BPK as the secretariat of the ASEAN member countries' audit institution (ASEANSAI) for the period 2024-2029. Previously, BPK had carried out its role as the ASEANSAI secretariat since the formation of ASEANSAI in 2011.

As ASEANSAI secretariat, BPK played a role as a driving force to ensure that planned activities ran well. Apart from that, ASEANSAI secretariat is also responsible for managing the secretariat and administrative management related to ASEANSAI. Including playing a role in developing ASEANSAI cooperation with stakeholders.

BPK also continues to strengthen performance audits. One of the efforts is to improve auditors' abilities through performance audit training. The performance audit strengthening program was held in collaboration with the Australian National Audit Office (ANAO). This performance audit training presented three subject matter experts (SME) from ANAO.

During August-December 2023 period, they provided training to the selected BPK performance audit team regarding the planning and implementation stages. The training focuses on key aspects of performance audits, including risk analysis, strategic audit planning, understanding strategies to improve the quality of performance audits, and reporting.

The editors of *Warta Pemeriksa* also prepared a report about the Chair of BPK, Isma Yatun, who met with UN Secretary General Antonio Guterres at the UN Headquarters in New York, United States. The meeting that was attended in BPK's capacity as Chair of the United Nations (UN) External Auditor Panel, was held in November 2023.

To the UN Secretary General, Isma emphasized the importance of effective risk management due to conflict situations, the post-Covid-19 period, as well as inflationary pressures and global chains. This results in funding challenges including liquidity problems. For this reason, the panel hopes that there will be a well-structured funding strategy. The panel also discussed the management of climate change funding and digital transformation at the UN.

Check out the latest information about BPK being selected as the external auditor of the World Parliamentary Organization or Inter-Parliamentary Union (IPU) for the 2023-2025 period. The IPU is an international organization that oversees parliaments in member countries. Apart from that, BPK is also trusted to be an external auditor for the International Maritime Organization (IMO) for the 2024-2027 period. ~



4 » BPK-ANAO Strengthen Performance Audits

The training focuses on key aspects of performance audits, including risk analysis, strategic audit planning, understanding strategies to improve the quality of performance audits, and reporting.



7 » Encouraging Increased Follow-up to BPK Audit Results

The IHPS I 2023 contains a summary of 705 audit reports (LHP).



10 » Appreciation for Regional Governments for Completing Financial Reports on Time

The results of the audit on 2022 LKPD show a decrease in BPK opinion compared to the previous year.

- 12 » Leading the UN Panel of External Auditors, Maintaining the Importance of Risk Management
- 13 » Supporting the Manifestation of Green Economy
- 16 » BPK Encourages Improvements of Reservoir Optimization and Irrigation Modernization
- 18 » IHPS I 2023 Encourages Improvements in State Financial Governance
- 22 » BPK Submitted 25 Investigative Audit That Revealed Indications of Losses Amounted to Rp31.55 Trillion
- 23 » Bureaucracy Digitalization to Eradicate Corruption
- 26 » BPK Recommends Improving Foresight in South Korea
- 28 » Participating in BPK Peer Review, Chair of BPK Expressed Her Appreciation to SAI of Switzerland
- 29 » Vice Chair of BPK Supports ITSA Implementation
- 31 » BPK Determines to Reassume as IMO's External Auditor
- 33 » BPK Explains the Importance of Indonesia's Involvement in IMO
- 35 » BPK Entrusted as ASEANSAI Secretariat 2024-2029
- 37 » BPK Chair and Australia's Ambassador Agree on Opportunities for Women
- 38 » BPK Shares Knowledge and Experiences with SAI Saudi Arabia
- 40 » BPK Becomes the External Auditor of Inter-Parliamentary Union
- 41 » Reappointment of BPK as IMO External Auditor 2024-2027
- 43 » BPK Audit Result: 2021 and 2022 IMO Reports Presented Fairly
- 44 » ANAO Expected to Continue Enhance BPK's Capacity
- 47 » Get to know about Tax Provisions Regarding Transfer Pricing
- 51 » Pictures

BPK-ANAO

Strengthen

Performance

Audits

THE TRAINING FOCUSES ON KEY ASPECTS OF PERFORMANCE AUDITS, INCLUDING RISK ANALYSIS, STRATEGIC AUDIT PLANNING, UNDERSTANDING STRATEGIES TO IMPROVE THE QUALITY OF PERFORMANCE AUDITS, AND REPORTING.

The Audit Board of the Republic of Indonesia (BPK) has a strategic role in overseeing and accelerating the achievement of the national objectives. Through its audit function, including performance audits, BPK can help the government ensure the effectiveness of the government programs. For this reason, BPK continues to strive to strengthen performance audits.

One of the efforts is holding a performance audit training to improve auditors' abilities. Held in collaboration with the Australian National Audit Office (ANAO), the performance audit strengthening program presented three subject matter experts (SME) from ANAO, namely Kristian Gage, the ANAO Senior Advisor for BPK, Michael Commens and Josh Francis, the ANAO Senior Directors.

The program, which was conducted from August to December 2023, aims at providing training to the selected BPK performance audit teams. It focuses on planning and implementation stages with the performance audit key aspects of risk analysis, strategic audit planning, strategies to improve the

quality of performance audits, and reporting. The teams prioritized for the performance audit training are those with the audit focuses on health, digital, social or economic responses (emergency or recovery) to the pandemic, or other topics of concern to BPK.

Kristian Gage says that the performance audit training is one form of bilateral cooperation implementation between BPK and ANAO since 2006. "Through this close bilateral cooperation, we can share experiences and inputs to improve our performance as an audit agency," Gage said in an interview with Warta Pemeriksa recently.

ADDED VALUE

Gage emphasizes that performance audits are important to continue to be strengthened. It is because performance audits can provide added value for society, parliament, government and other stakeholders. "Government transparency and accountability can be improved through performance audits," he said, informing that the ANAO performance audit training was not the first but there had been some conducted for the last few years.



■ Kristian Gage, Josh Francis, dan Michael Commens

"Through performance audits, BPK could enrich its strategic goals to having an impact and supporting the parliament in carrying out its responsibilities. "Apart from that, it can support government transparency and accountability in implementing the programs," Gage said.

In accordance with the Law Number 15 year 2006 concerning BPK, it is stated that BPK has the authority, among others, to carry out performance audits. The performance audit is an audit of the state financial management that consists of examining economic, efficiency and effectiveness aspects, aiming at identifying and finding problems existing in the activity management of the audited entities.

Through performance audit, BPK can provide useful recommendations to improve entities' performance. Apart from assessing economic, efficiency and effectiveness (3E) aspects, auditors also test the internal control system and compliances with statutory regulations.

In assessing the effectiveness aspect, the audit aims to measure the extent to which a program/activity achieves its objectives. In assessing economic and efficiency aspects, the audit aims to measure whether an entity has used its resources in the most productive and economical way in achieving program/activity objectives. Performance audits produce information useful for improving the performance of a program/activity to facilitate the decision making conducted by those responsible for monitoring and taking corrective action.

Performance audits are also useful for increasing public accountability. The results of the performance audits are outlined in the audit report containing findings, conclusions and recommendations.

BPK'S CHALLENGES

The ANAO Senior Director, Michael Commens, is very happy to be able to share his experiences and knowledge regarding performance audits with BPK auditors. It is his second year involved in the performance audit training program. According to him, there are numbers of challenges faced by BPK in carrying out performance audits as the auditors have a background in financial auditing. He mentions that performance audits could be similar to financial audits. However, there are actually differences in terms of audit requirements and skills needed to carry out performance audits effectively.

“**Through performance audits, BPK can enrich its strategic objectives to be having an impact and supporting the parliament in carrying out its responsibilities. Apart from that, it can support government transparency and accountability in implementing the programs.**”



“
If you only have a short time, then you must really target and deploy resources, so that they can provide maximum values from the audit. And that's something we've worked on consistently with the team at BPK, both last year and this year.

“And I think that is one of the challenges faced by BPK. BPK does not have a specific performance auditor,” Commens said.

Another challenge for BPK is regarding the audit period. Commens reveals that the ANAO auditors have a longer performance audit period than BPK auditors. ANAO auditors typically conduct field audits and report writing over a six-month period. “Then, we review the report for several more months before we issue a performance audit. This is different from BPK, which usually carries out performance audits within a fairly short period of time,” he said. In his opinion, those numbers of things are the big challenges for BPK in carrying out performance audits.

“If you only have a short time, then you have to really target and deploy resources so that they deliver maximum value from the audit. And that's something we've worked on consistently with the BPK team, both last year and this year,” Commens said, emphasizing that the collaboration between BPK and ANAO is to provide ANAO's perspective regarding audit scoping to utilize limited time and resources. “With these limitations, we must produce valuable audits and provide useful and impactful recommendations,” he concluded.

On the other hand, the ANAO Senior Director, Josh Francis, who is also one of the SMEs in the performance audit training, says that he has specialization and experience in auditing the green economy, climate change and energy.

Francis says that green economy and climate change are important sectors in the future. “I think we have the opportunity to see the approach SAI takes in these areas,” he said. He further mentions that there is an international framework for reporting greenhouse gas reductions. Each country, he says, actually reports based on the same framework. “We can discuss what SAI's role is to develop approaches and standards for auditing greenhouse gas reporting.”

Francis appreciates the green economy performance audit seminar held by BPK in June. According to him, holding the seminar shows that BPK wants to be a leader in examining green economic performance. “This is an extraordinary opportunity for us to work together and be partners in safeguarding green economy and climate change. I think the more we leverage our partnerships, the more we can understand shared risks.” ~

Encouraging Increased Follow-up to BPK Audit Results

THE IHPS I 2023 CONTAINS A SUMMARY OF 705 AUDIT REPORTS (LHP).



■ The submission of the IHPS I 2023 to the DPR.

The Audit Board of the Republic of Indonesia (BPK) has submitted the first 2023 Summary of Semester Audit Reports (IHPS) to the House of Representatives (DPR), Regional Representative Council (DPD), and the President. IHPS I 2023 contains a summary of 705 audit reports (LHP), consisting of 681 Financial audit reports, 2 Performance audit reports, and 22 audit reports with special purpose (DTT).

The audit reports revealed 9,261 findings which included weaknesses in the internal control system, non-compliance which could result in losses, potential losses, and revenue shortfalls, as well as uneconomical, inefficiency, and ineffectiveness (3E) with a total value of Rp18.19 trillion. Based on the results of this audit, during the audit process, the entity has followed up by depositing money and/or handing over assets amounting to Rp852.82 billion.

During the submission of the IHPS I 2023 to the DPR, Chair of BPK, Isma Yatun, said that synergy between BPK and the legislative body was crucial to support audits' follow-up. Isma said that optimizing the follow-up to BPK audit reports by the Government is a crucial part in maximizing the impact of audits for accountability and transparency mechanisms within the framework of good governance.

"Synergy and integration between BPK and DPR are fundamental aspects to make this happen," said Isma during the submission of IHPS I 2023 to DPR in Jakarta, Tuesday (5/12/2023).

IHPS I 2023 contains 134 audits on 2022 financial reports at the central government, including 81 Financial Reports of Line Ministries (LKKL) with 80 Unqualified Opinions (WTP) and 1 Qualified Opinion (WDP), as well as 1 Financial Report of the State General Treasurer (LKBUN) with Unqualified opinion. Apart from that, it also contains 40 financial reports on Foreign Loans and Grants (PHLN) with 33 Unqualified Opinion, 6 Qualified Opinion, and 1 Adverse (TW). BPK has also audited 542 Regional Government Financial Reports (LKPD) for 2022, as well as four other agency financial reports for 2022, namely the Financial Reports of Bank Indonesia, Indonesia Financial Services Authority, Indonesia Deposit Insurance Corporation (IDIC), and the Hajj Financial Management Agency.

This IHPS also contains two performance audit reports with national priority theme of strengthening economic resilience. The performance audit includes the management of coal, natural gas, and renewable energy in the development of the electricity sector to ensure the availability, affordability, and sustainability of energy from FY 2020 to the first semester of 2022 at the Ministry of Energy and Mineral Resources (ESDM) and the Ministry of Environment and Forestry. (LHK).



Synergy and integration between BPK and DPR are fundamental aspects to make this happen.

The results of the audit revealed that the Government had prepared a road map towards Net Zero Emissions (NZE) by 2060 and secured the supply of coal and natural gas for domestic purposes. However, there are still problems, including the fact that risk mitigation has not been fully implemented for the energy transition scenario towards NZE in 2060 and the low progress of the Electricity Supply Business Plan (RUPTL) project which has the potential for supply shortages in most of the national electricity system.

In special purpose audit (PDTT) on income, costs, and investments in 11 State Owned Enterprises or their subsidiaries. Significant problems include the provision of down payments for gas sales and purchase agreements (PJBG) not being supported by an adequate risk mitigation and collateral. In addition, special service rates in accordance with the Minister of Energy and Mineral Resources Regulations for premium customers have not been fully implemented by PT PLN.

During her speech in front of DPR, Isma also conveyed the achievements of BPK's institutional capacity, especially in the international arena. Apart from leading the United Nations External Audit Panel for the 2022-2023 period last November, BPK is still trusted as an external auditor for several international organizations.

This include the Inter-Parliamentary Union for the period 2023 to 2025, the World Intellectual Property Organization (or WIPO) for the period 2024 to 2029, as well as external auditors for the International Maritime Organization (IMO), including the World Maritime University and the International Maritime Law Institute for the period 2024 to 2027



■ Chair of BPK, Isma Yatun chats with President Joko Widodo after the submission of IHPS I 2023.

Apart from that, BPK was also elected as the host of the 26th International Congress of Supreme Audit Institutions (or INCOSAI) in 2028 and became Chair of the International Organization of Supreme Audit Institutions (INTOSAI) for the period 2028 to 2031, and became the Secretariat of association of Supreme Audit Institution of the ASEAN member countries (or ASEANSAI) for the period 2024 to 2029.

"This achievement is a manifestation of the dedication and synergy with BPK's stakeholders, especially DPR RI," she added.

Meanwhile, when submitting IHPS I 2023 to President Joko Widodo on Friday (8/12/2023), Isma conveyed that BPK was participating in overseeing the government's development program in the National Medium Term Development Plan (RPJMN) and supporting the achievement of the Sustainable Development Goals (SDGs).

In addition to financial audit reports of the central government, regional governments, and other bodies, IHPS I of 2023 also includes audit of four national priority themes, namely strengthening economic resilience, regional development, strengthening infrastructure, as well as strengthening the stability of political law and security, also transformation of public services, including those related to SDGs.

IHPS I 2023 revealed the results of follow-up monitoring on BPK audit recommendations from the year of 2005 to the first semester of 2023, showing that 76.9 percent had complied with BPK recommendations. For the RPJMN 2020 to semester I 2023 period, appropriate follow-up only reached 47 percent. From the follow-up to these recommendations, BPK has saved state money and assets in the form of handing over assets and/or depositing money into the state/regional/company treasury based on the audit reports for the RPJMN period of 2020 to the first semester 2023, amounting to Rp19.20 trillion.

"We expect President's support in encouraging the line ministries, Regional Governments, State Owned Enterprises, and other agencies to immediately follow up on BPK recommendations," said Isma. ~

“**We expect President's support in encouraging the line ministries, Regional Governments, State Owned Enterprises, and other agencies to immediately follow up on BPK recommendations.**”

Appreciation

for Regional Governments for Completing Financial Reports on Time

THE RESULTS OF THE AUDIT ON 2022 LKPD SHOW A DECREASE IN BPK OPINION COMPARED TO THE PREVIOUS YEAR.

The Audit Board of the Republic of Indonesia (BPK) appreciates the efforts and hard work of regional governments for completing their financial reports on time. In the last five years, or from 2018 to 2022, the overall opinion on regional government financial reports (LKPD) has improved.

"Efforts made by the regional governments include identifying, verifying, validating proof of expenditure, as well as making necessary corrections and depositing into the regional treasury for expenditure that has not been approved by the Regional General Treasurer (BUD) and has not been recorded in the financial report. The regional government has also carried out an inventory of fixed assets whose whereabouts are unknown, controlled by other parties, and recorded jointly, as well as recovering excess payments for capital expenditure on roads, irrigation and networks as well as buildings and structures, by depositing them into the regional treasury," said the BPK Vice Chair, Hendra Susanto at the submission of the 2023 IHPS I to the DPD leadership.



■ BPK Vice Chair, Hendra Susanto



Encouragement from DPD leaders and members to regional government heads is crucial to increase the commitment of entity leaders in accelerating the completion of follow-up to BPK recommendations as a joint effort to strengthen regional government accountability.



■ Vice Chair of BPK, Hendra Susanto conveys IHPS I 2023 to DPD leadership.

Of the 542 2022 LKPDs audited, the BPK gave 496 Unqualified/WTP opinions (91 percent of the total number of regional governments). Meanwhile, there were 41 regional governments that received WDP opinions and 5 regional governments that received disclaimer. In the last five years, or from 2018 to 2022, overall LKPD opinion has improved.

However, the results of audit on 2022 LKPD show a decrease in BPK opinion compared to the previous year. There are changes from WTP to WDP in 2 Provincial Governments, 12 Regencies and 4 Municipalities. Further, changes from WTP to TMP is found in 1 Regency. The achievement of WTP opinion of 2022 Provincial and Regency Governments' financial statement has exceeded the 2020-2024 RPJMN target of 93 percent and 82 percent respectively. Meanwhile, the achievement of WTP of Municipality is still below the target of 93 percent.

Problems that affect the fairness of the presentation of the 2022 LKPD so that a WTP opinion has not been obtained, include cash shortages at the Expenditure

Treasurer that have not been recovered by deposits to the regional treasury; Fixed assets are not recorded and/or their existence cannot be traced; Realization of expenditure on goods and services is not in accordance with provisions and/or is not supported by evidence of accountability; and excess payments due to insufficient work volume, non-compliance with work specifications, as well as work planning and implementation processes that do not comply with regulations, have not been recovered by depositing them into the regional treasury.

From 2005 to Semester I 2023, BPK has submitted 697,383 recommendations to all audited entities. Specifically for regional governments and BUMD, 566,815 recommendations were given or 81% of the total recommendations.

"Encouragement from DPD leaders and members to regional government heads is crucial to increase the commitment of entity leaders in accelerating the completion of follow-up to BPK recommendations as a joint effort to strengthen regional government accountability," said Hendra. ~

Leading the UN Panel of External Auditors, Maintaining the Importance of Risk Management

THE PANEL DISCUSSED THE MANAGEMENT OF CLIMATE CHANGE FUNDING AND THE DIGITAL TRANSFORMATION AT THE UN.



■ BPK Chair, Isma Yatun (center), accompanied by BPK Secretary General, Bahtiar Arif (right).

The Chair of the Audit Board of the Republic of Indonesia (BPK), Isma Yatun, in her capacity as the Chair of the United Nations (UN) Panel of External Auditors, met the UN Secretary General, Antonio Guterres, at the UN Headquarters in New York, the United States of America, in November 2023. The BPK Chair was accompanied by 11 panel members from 11 countries, namely Canada, Chile, China, France, Germany, India, Italy, the Philippines, Russia, Switzerland and the UK.

To the UN Secretary General, Isma emphasized the importance of an effective risk management due to conflict situations, the post-Covid-19 period, as well as inflationary pressures and global chains. These result in the funding challenges including liquidity problems. For this reason, the panel hoped that there would be a

well-structured funding strategy. The panel also discussed the management of climate change funding and digital transformation at the UN.

Antonio Guterres appreciated the role of auditors in overseeing UN financial management and performance. He explained that issues of funding and liquidity are important and complex. Thus, the UN will always strive to improve the performance by continuing to develop various scenarios to ensure funding sustainability in the future.

BPK has been a member of the UN Panel of External Auditors since 2016. BPK became the Deputy Chair in 2022 and the Chair in 2023. The UN Panel of External Auditors is a forum for exchanging information and methodology to develop and improve value and quality of the assurance of the external auditor of UN organizations.

The panel consists of leaders from 12 Supreme Audit Institutions (SAIs) selected to conduct audits as the external auditors of the UN, UN Specialized Agencies and the International Atomic Energy Agency (IAEA). ~



■ Vice Chair of BPK, Hendra Susanto

Supporting the Manifestation of Green Economy

THE ENTIRE TRAINING PROCESS IS HELD PAPERLESS.

The Audit Board of the Republic of Indonesia (BPK) is committed to support the implementation of sustainable development goals (SDGs). BPK's commitment is manifested by holding an International Training on SDGs Audits with a focus on Energy Transition as part of the Green Economy at the Bali Education and Training Center of State Financial Audit from 27 November to 1 December 2023.

At the opening ceremony of the international training held on Monday (27/11), the Vice Chair of BPK, Hendra Susanto, emphasized that green economy is an important aspect in the broader SDGs framework. According to him, its growth is driven by public and private investment in economic activities, infrastructure and assets that enable the reduction of carbon emissions and pollution, increased energy and resource efficiency, and the prevention of loss on biodiversity and ecosystem.

The paradigm shift towards a green economy which requires a shift from fossil fuels to renewable energy sources such as solar power, wind, and hydropower is considered very important for environmental preservation, the need to overcome climate change and reduce greenhouse gas emissions, provide energy security, and ensure a more sustainable and equitable future for everyone.



"SAI plays an important role in encouraging green economy by ensuring efficient, transparent, accountable, and effective use of public resources in environmental and sustainable development initiatives," explained Hendra.

Hendra explained this role in front of 28 participants from 12 countries including Brazil, China, India, Iraq, Kuwait, and Saudi Arabia. The participants are auditors in their respective countries' SAIs. BPK organized this training as a capacity building platform, helping the SAI community improve audit capabilities in the context of the energy transition, with the hope of contributing in building a stronger auditor community.

This international training shows that BPK plays an important role as a role model in auditing the energy transition. The results of the audits that have been carried out by BPK regarding environmental audits, renewable energy, and climate change have become



reference material and input for the international community through SAI of other countries.

Director General of BPK's Training Institute of State Financial Audit (Diklat), Suwarni Dyah Setyaningsih, said that achieving the SDGs requires joint efforts, one of which, is strengthening capacity and sharing experiences. BPK Training Institute has also designed the training to increase understanding and bridge discussions between countries regarding the implementation of the SDGs.

BPK Training Institute is also committed to implement the SDGs by paying attention to the 5Ps, namely People, Planet, Prosperity, Peace, and Partnership. In line with the commitment to manifest a green economy, the entire training process was held paperless by utilizing a learning management system.

"All participants can learn and access e-learning, so they can learn anytime, anywhere, with any tool," she said. ~





Data Security

01

Regularly back-up data to a different device.

05

Only install original applications.

02

Activate Bitlocker feature.

06

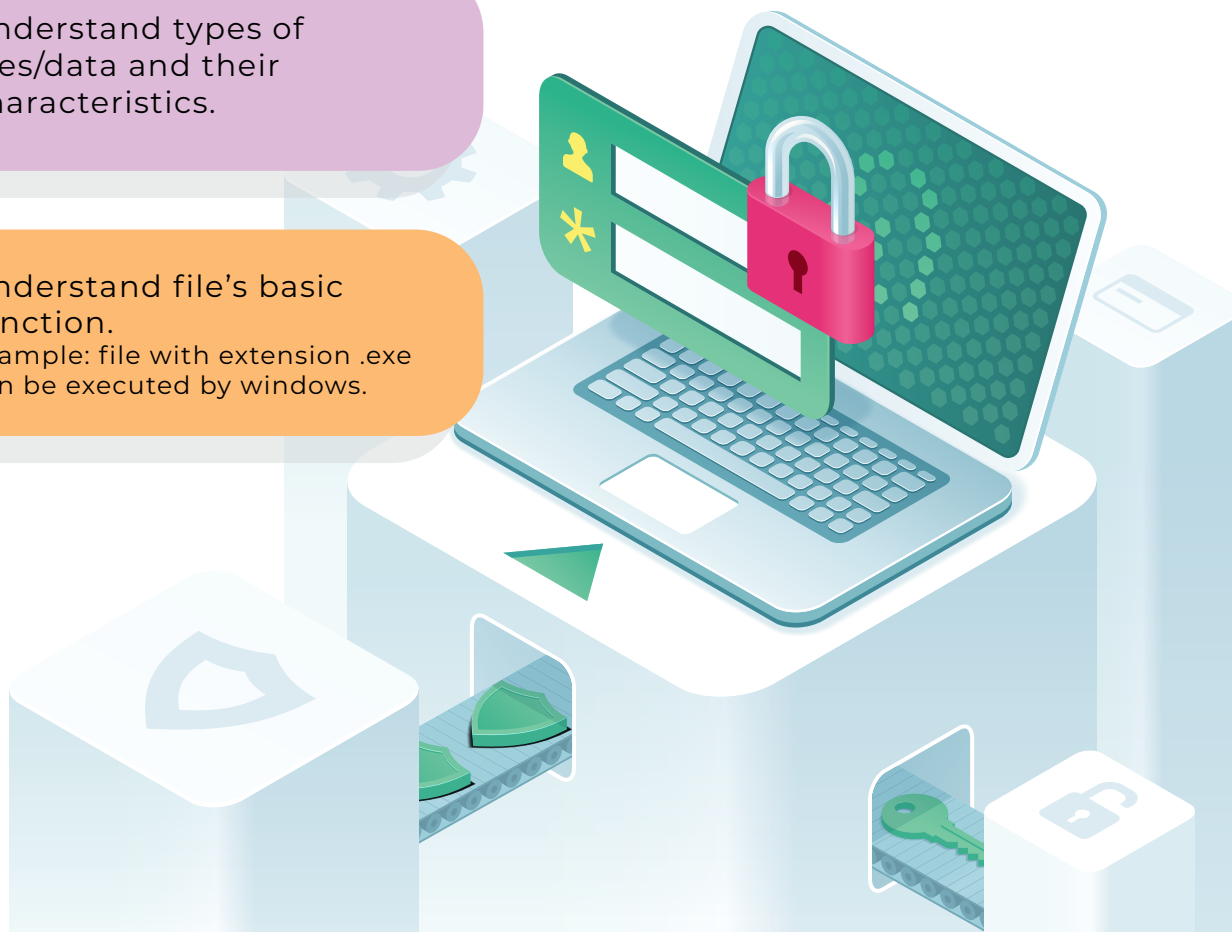
Extra caution when using portable media (USB flash disc, external HDD)

03

Understand types of files/data and their characteristics.

04

Understand file's basic function.
Example: file with extension .exe can be executed by windows.



www.bpk.go.id



@bpkriofficial



@bpkri



08111907010



BPK RI Official



@humasbpkri.official



@bpkri

BPK Encourages Improvements of Reservoir Optimization and Irrigation Modernization

THE IRRIGATION MODERNIZATION HAS NOT YET COMPLIED WITH TECHNICAL GUIDELINES.

The Audit Board of the Republic of Indonesia (BPK) identifies significant problems when conducting a performance audit on the optimization of multipurpose reservoir and irrigation modernization for Fiscal Years 2021 to the second semester of 2022 at the Ministry of Public Works and Public Housing (PUPR) and other related agencies. The audit was intended to support the implementation of the 2020-2024 BPK Strategic Plan, namely the national thematic audit of the National Priority (PN) 5 year 2022: strengthening infrastructure to support economic development and basic services, more specifically of the Priority Program (PP) 1: basic services infrastructure, the Priority Activities (KP) 6: multipurpose reservoirs and irrigation modernization and Strategic Priority Project (Major Project) 18: multipurpose reservoirs.

The audit is also to support the achievement of the Sustainable Development Goals (SDGs), especially the target number 2.4, of which by 2030, Indonesia needs to ensure a sustainable food production system and implement durable agricultural practices that can improve productivity and production. In addition, there is SDGs target Number 6.5, of which by 2030, Indonesia needs to implement integrated water resources management at every level, including through appropriate cross-border cooperation.

The purpose of the audit is to assess the Ministry's efforts in optimizing the function of the multipurpose reservoir and implementing irrigation modernization to increase irrigation services. The scope of the audit is activities conducted to optimize multipurpose

reservoirs and irrigation modernization at the Directorate General of Water Resources of the Ministry of PUPR and other related agencies, with sample areas of Jakarta, West Java, Central Java, Yogyakarta, Lampung, Banten, South Sulawesi, West Nusa Tenggara and West Kalimantan Provinces, from 2020 to the second semester of 2022. The audit focus is on activities for optimizing multipurpose reservoirs and irrigation modernization, which include policies, institutions, planning, implementation and monitoring/evaluation.

Based on the audit results, BPK noted the government's efforts and achievements in optimizing the function of multipurpose reservoirs and implementing irrigation modernization. By the end of 2022, out of the target of building 63 multi-purpose reservoirs according to the 2020-2024 National Medium Term Development Plan (RPJMN), the Ministry of PUPR had completed 38 constructions sourced from the state budget. There had also been technical guidelines for irrigation modernization issued through the Circular Letter of the Director General of Natural Resources Number 01/SE/D/2019 dated March 28, 2019.

In addition, the irrigation modernization has begun, especially for irrigation facilities and infrastructure in nine pilot irrigation areas. Until the end of 2022, 12 irrigation management units will be formed as the forerunner to the Modern Irrigation Management Unit (UPIM).

Nevertheless, the BPK found several significant problems that could potentially disrupt success and achievements of the Ministry in policy and



institutional processes, planning, implementation, as well as monitoring and evaluation of the optimization of multipurpose reservoirs and the implementation of irrigation modernization.

Problems in policy and institutional areas include that of the dam construction of the Strategic Priority Project of 18 multipurpose reservoirs. A mismatch found between targets of the RPJMN and the Strategic Plan of the Directorate General of Natural Resources and alternative funding sources other than the state budget has not been fully implemented. Apart from that, the Ministry had not yet had any completed policy and regulatory packages to support the development, management and utilization of multipurpose reservoirs and irrigation modernization.

In the implementation area, BPK found that the implementation of irrigation modernization was not in accordance with the technical guidelines. BPK viewed that if problems related to construction, management and utilization of multipurpose reservoirs and modernization stages as mentioned earlier are not immediately resolved, they could affect the achievement of national targets of optimizing multipurpose reservoirs and implementing irrigation modernization.

BPK recommended the Minister of PUPR to immediately make improvements. From policy and

institutional perspective, the Minister needs to instruct the Director General of Natural Resources to carry out a review on the achievement of development targets and financing schemes for multipurpose dams as determined by the RPJMN to ensure synchronization of targets. The review will then be used as the basis for revising the Directorate General's strategic plan. The proof of the synchronization of the strategic plan is to be submitted to BPK.

The Minister also needs to accelerate the formulation of the implementing regulations for Law Number 17 year 2019 concerning Natural Resources and PUPR Ministerial Regulation concerning the Development and Management of Irrigation Systems.

Additionally, BPK recommended the Ministry to form a monitoring and evaluation team for the implementation of the irrigation modernization. At the implementation stage, BPK recommended the Minister to instruct the Director General of Natural Resources to simplify typology matriculation and implementation according to the condition of the irrigation area. Guidelines and documentation on the steps for selecting irrigation areas are also needed according to applicable regulations.

Based on BPK's findings, conclusions and recommendations, the Ministry of PUPR stated that it accepted all and will follow up provided recommendations. ~

IHPS I 2023

Encourages Improvements in State Financial Governance

**BPK'S AUDIT REVEALED 9,261 FINDINGS CONTAINING 15,689 PROBLEMS
AMOUNTING TO RP18.19 TRILLION.**

The Audit Board of the Republic of Indonesia (BPK) has completed the preparation of the Summary of Semester Audit Reports (IHPS) I 2023.

This overview is a summary of 705 Audit Reports (LHP) completed by BPK in the first semester of 2023, consisting of 681 financial audit reports (96.6 percent), 2 performance audit reports (0.3 percent), and 22 special purpose audit (PDTT) -Compliance audit reports (3.1 percent).

The results of BPK audit revealed 9,261 findings containing 15,689 problems amounting to Rp18.19 trillion. This includes 7,006 (44.6 percent) problems with weaknesses in the internal control system (SPI) and 8,626 (55 percent) problems with non-compliance with statutory provisions amounting to Rp16.92 trillion, as well as 57 (0.4 percent) problems with uneconomical, inefficiency, and ineffectiveness of Rp1.27 trillion.

Of those 8,626 non-compliance problems, there were 6,088 non-compliance problems (70.6 percent) worth Rp16.92 trillion, and among those, there were 4,100 problems (67.4 percent) which could result in losses of amounting to Rp3.48 trillion. Moreover, there were potential loss of 775 problems (12.7 percent) amounted to Rp7.43 trillion.

Furthermore, there were 1,213 problems (19.9 percent) related to revenue shortfall worth of Rp6.01 trillion.

In addition, there were 2,538 non-compliance problems (29.4 percent) that resulted in administrative irregularities.

Of the 57 problems on uneconomical, inefficiency, and ineffectiveness amounting to Rp1.27 trillion, there were 7 problems of uneconomical (12.3 percent) amounting to Rp222.29 billion, and 50 problems of ineffectiveness (87.7 percent) amounting to Rp1.05 trillion.

Of the non-compliance problems amounting to Rp16.92 trillion, while the audit was ongoing, the entity's management have followed up by handing over assets and/or depositing money to the state/regional/company treasury amounting to Rp852.82 billion, including to the Ministry of Public Works and Housing amounting to Rp68.22 billion, the Ministry of Social Affairs amounting to Rp51.59 billion, and the Ogan Ilir Regency Government amounting to Rp19.41 billion.

Based on the problems found, BPK provided 26,171 recommendations, including non-compliance related issues which could result in losses, potential losses, and revenue shortfalls, for the related entities' management to determine and/or collect losses, collect revenue shortfalls, and deposit them into the state/regional/treasury/company, as well as making efforts to prevent potential losses from becoming losses.

Furthermore, related to the issue of not yet agreeing on an airport services concession agreement, the Minister of Transportation must process the approval of discussion's results on the airport services concession agreement with PT Angkasa Pura I and PT Angkasa Pura II since 2018.

In regard to the problem of policy implementation for distributing Profit Sharing Funds (DBH) through the Treasury Deposit Facility (TDF), the Minister of Finance as the Government's Representative, ordered the Director General of Fiscal Balance to harmonize the regulations for determining regional cash balance limits as well as carry out evaluation and improvement/recalculation of calculation formulation and the use of valid data for the distribution of DBH/ General Allocation Fund (DAU) through the TDF facility.

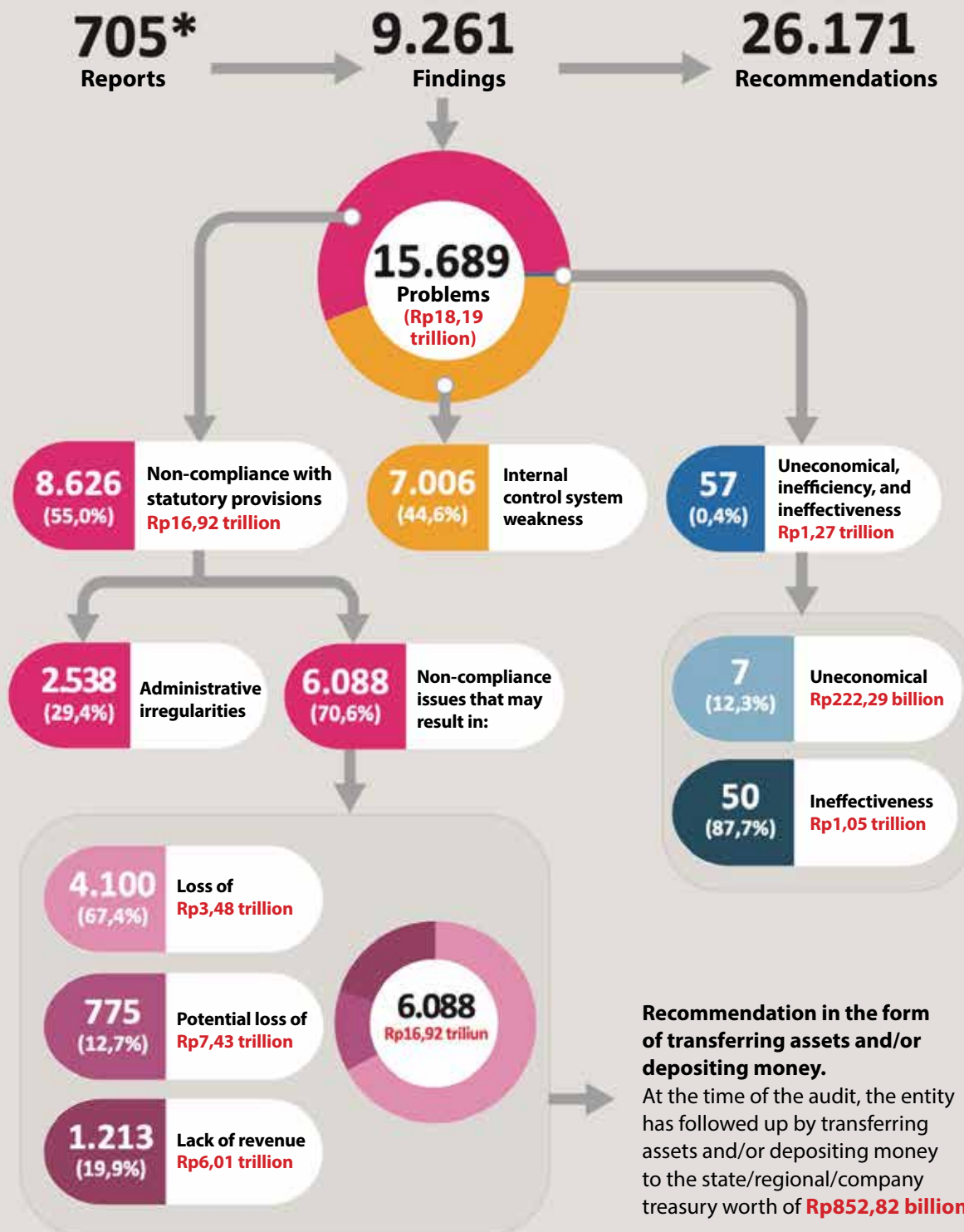
Regarding the issue of presenting fixed assets for the construction of the 4G Base Transceiver Station (BTS), the Minister of Communication and Information should (1) review the implementation of the 4G BTS provision program so that it can be carried out in accordance with applicable regulations to avoid the risk of work not continuing; (2) require the provider to complete the work in accordance with the contract; and (3) instruct the Managing Director of BAKTI to (a) prepare payment terms for the provision of 4G BTS in accordance with the physical realization of the work; and (b) present the provision of 4G BTS results fairly in accordance with Government Accounting Standards (SAP).

By implementing BPK recommendations, it is hoped that internal control carried out by the government/companies will become more effective, programs/activities can be implemented more economically, effectively and efficiently, losses can be immediately recovered/prevented, and state/regional/company revenues can be increased. In this way, state financial governance and services to the community will become better quality and useful for realizing state goals.



“**By implementing BPK recommendations, it is hoped that internal control carried out by the government/companies will become more effective, programs/activities can be implemented more economically, effectively and efficiently, losses can be immediately recovered/prevented, and state/regional/company revenues can be increased.**”

BPK AUDIT REPORTS SEMESTER I 2023



*This amount does not include audits on political party financial assistance from the State/Local Government Budgets, also investigative audits.

THE ACHIEVEMENT OF OPINION

BPK revealed that 99 percent Unqualified Opinion (WTP) achievement of line ministries' financial report (LKKL) has exceeded the 2020-2024 RPJMN target of 93 percent. The results of BPK's audit on 81 financial report of line ministries and 1 financial report of state general treasurer (LKBUN) in 2022 revealed 80 LKKL and 1 LKBUN with Unqualified opinion, 1 LKKL with Qualified opinion (WDP).

The audits do not include the 2022 BPK's financial report which was audited by KAP Wisnu Karsono Soewito and Partners. The 2022 BPK financial report received unqualified opinion. Overall, in 2022, there were 81 K/L and 1 LKBUN (99 percent) line ministries (K/L) that received unqualified opinions, and 1 K/L (1 percent) with that received qualified opinion.

The unqualified opinion achievement is the result of the government's efforts and BPK's contribution in encouraging the realization of the 16th goal of Sustainable Development Goals (SDGs), especially target 16.6 - developing effective, accountable and transparent institutions at all levels.

BPK's audit shows an improvement in financial report of line ministries' opinion in 2022 from qualified to unqualified opinion in 2 lines ministries, namely the Ministry of Trade and the Ministry of Manpower. However, there was also a decline in opinion from unqualified to qualified that occurred in 1 line ministries, which was the Ministry of Communication and Information (Kemkominfo).

IHPS I 2023 contains the audits of 542 (100 percent) 2022 financial reports of regional governments (LKPD) from 542 regional governments that are required to prepare 2022 financial reports. Of the 542 2022 LKPD, BPK provided

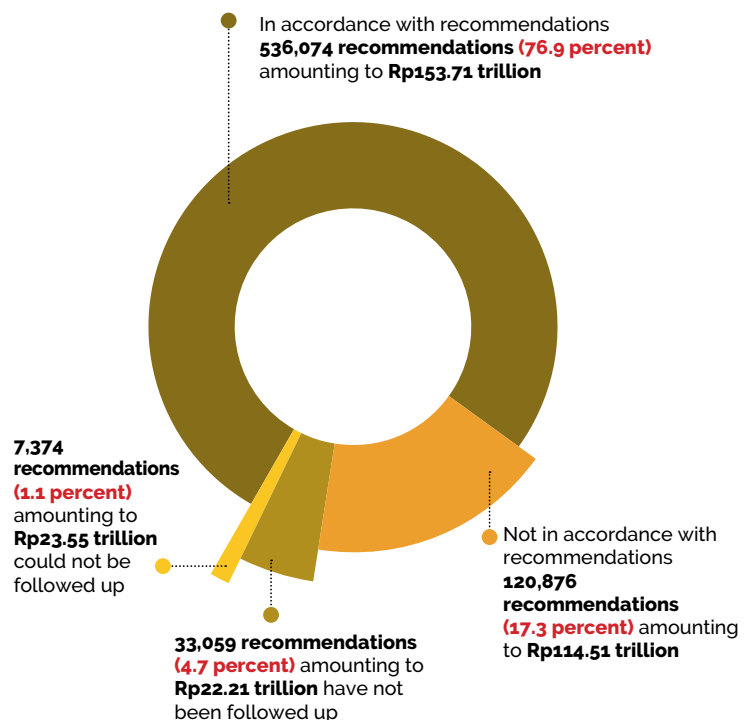
496 unqualified opinions (91 percent), 41 qualified opinions (8 percent), and 5 disclaimers (1 percent).

Based on government level, unqualified opinion was reached by 32 of 34 provincial governments (94 percent), 379 of 415 regency governments (91 percent), and 85 of 93 municipality governments (91 percent). Compared with 2021, based on level of government, there was a decline in LKPD's opinions in 2022 for the provincial government from 34 (100 percent) to 32 (94 percent) reports and for the municipality government from 89 (96 percent) to 85 (91 percent) reports.

The role of BPK, especially through providing recommendations and monitoring the follow-up actions implementation, need to be increased to encourage the achievement of unqualified opinion. This is also BPK's effort to encourage the government to achieve the 16th Goal of SDGs, especially target 16.6 - developing effective, accountable and transparent institutions at all levels.

FOLLOW-UP MONITORING

IHPS I 2023 contains the results of monitoring the implementation of the Follow-up to Audit Recommendations (TLRHP) per semester I 2023 on reports issued in the period of 2005 to first semester 2023. In the period of 2005 to first semester 2023, BPK has submitted 697,383 audit recommendations to the audited entities amounting to Rp313,98 trillion, with follow-up status as follows.



Source: IHPS I Year 2023

Cumulatively up to the first semester of 2023, BPK's recommendations regarding the audit for the period of 2005 to first semester 2023 have been followed up by the entity by handing over assets and/or depositing money into the state/regional/company treasury amounting to Rp132.69 trillion, of which Rp19.20 trillion is from the audit reports in RPJMN period (2020 to first semester 2023). ~

BPK Submitted 25 Investigative Audit That Revealed Indications of Losses Amounted to Rp31.55 Trillion

BPK HAS ALSO CARRIED OUT PKA ON 362 CASES AT THE TRIAL STAGE.

The Summary of Semester Audit Reports (IHPS) I 2023 presented the follow-up monitoring result up to semester I 2023 regarding the utilization of investigative audit reports (PI) and state losses audit report (PKN) as well as the provision of expert statements (PKA) issued for the period of 2017 to first semester 2023. Monitoring is carried out on the use of PI reports in the preliminary investigation to full investigation process, the use of PKN results reports in preparing P-21 (investigation files are complete) and the investigation process, as well as PKA attended by BPK for use in prosecutions by the Public Prosecutor (JPU).

In the period of 2017 to the first semester of 2023, BPK submitted 25 PI reports that revealed indications of state/ regional losses amounted to Rp31.55 trillion and 363 PKN reports that revealed indications of state/ regional losses amounted to Rp58.62 trillion to the authorized agencies. BPK has also carried out PKA on 362 cases at the trial stage.

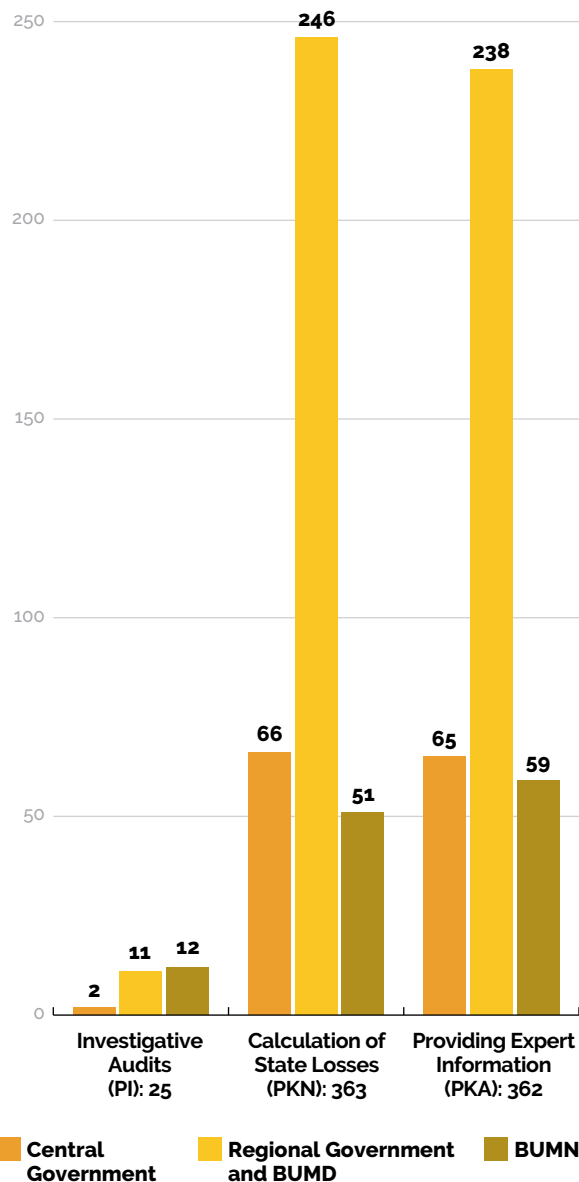
BPK revealed that among those 25 PI reports that have been submitted, 8 reports have been used in the preliminary investigation process and 17 reports have been used in the full investigation process. A total of two PI reports were carried out at the central government, 11 reports at regional governments and Regional Owned Enterprises (BUMD), and 12 reports at State Owned Enterprises (BUMN).

Then, of the 363 PKN reports that have been submitted, 56 reports have been used in the full investigation process and 307 cases have been declared P-21 (investigation files are complete). From this report, as many as 66 PKNs were carried out at the central government, 246 PKNs at regional governments and BUMDs, and 51 PKNs at BUMNs.

Furthermore, all 362 expert statements provided at trial were used in the prosecution by the prosecutor. In more detail, 65 PKAs were carried out at the central government level, 238 PKAs at regional governments and BUMDs, and 59 PKAs at BUMNs. ~

Utilization of PI, PKN, and PKA Reports

PERIOD OF 2017-SEMESTER I 2023



Source: IHPS I Year 2023

Bureaucracy Digitalization to Eradicate Corruption

ON THE BUREAUCRACY DIGITALIZATION, GUNARWANTO SAID THAT BPK HAS BEEN LONG IMPLEMENTED IT.



■ Gunarwanto



These efforts have been successful and are growing. Currently, almost all BPK services have used digital platforms, even services to the community are starting to be provided electronically.

The Audit Board of the Republic of Indonesia (BPK), a high state institution functioning as the external auditor of the government, continues to strive to be the leading institution eradicating corruption. It is also supported from the BPK's internal environment. The Director of Human Resources of BPK, Gunarwanto, said that digitalization is one of the urgent efforts to support the eradication of corruption.

"Currently, digitalization of the bureaucracy is a necessity and very urgent to be implemented," he said to Warta Pemeriksa.

Gunarwanto explained that BPK, through the Digital Enterprise Architecture (DNA), is trying to map and create a roadmap for digitizing BPK's bureaucratic business processes. In the field of audit, various applications have been developed, such as SIAP LK, SMP, SIPTL, and others. In the institutional sector, HR management has been assisted by SISDM, asset management has been assisted by SIMAK BMN, correspondence management has been assisted by JASMIN, as well as the treasury management, which has also been assisted by SINTAG.

"These applications, apart from being aimed at speeding up business processes, can also be used as a mean of controlling and monitoring auditors' behavior and results of their work," Gunarwanto said.

He further gave an example of SIAP LK that is used by the audit team to document the audit process in the field, starting from the implementation of the audit program, audit results and audit working papers. The data can be used by reviewers to monitor the performance of the audit team in terms of audit coverage, initial findings, key areas and progress reports from week to week.

"Any irregularities in processes and data can become a red flag for irregularities in the audit process," he said.

Regarding the digitalization of bureaucracy, Gunarwanto said that BPK has implemented it for a long time. According to him, in mid 2007 to 2009, BPK had introduced SISKAs and the Employee Information Center (PIP) as the most widely used applications. At the HR Bureau, electronic HR management has begun since 2009 with the development of a desktop SISDM, which was then followed by the development of a web-based SISDM in 2013. In those years, employee attendance and leave systems had also begun to be transferred from manual to electronic.

"These efforts have been successful and are increasingly developing. Currently, almost all BPK services have been using digital platforms. Even its services to the community have started to be provided electronically," Gunarwanto said.

With long experience in digitalization, Gunarwanto assesses that there are a number of obstacles and challenges, including those related to the work culture. He explained that it was not easy to change employees' habits, who were used to and comfortable with the traditional model. In addition, digitalization requires enormous human, financial and technological resources. These three components must be available on an ongoing basis to ensure successful digitalization.

Then, there are challenges in terms of tone of the top. According to Gunarwanto, bureaucratic digitalization will never be successful if the leaders do not support and set an example. Therefore, efforts to obtain support from leaders are very important.

Apart from that, regarding data confidentiality, BPK as an audit institution holds many state secrets. Efforts to maintain confidentiality are very important, including the confidentiality of employees' personal data. Issues of data protection are also in the spotlight. Behind various conveniences offered by the digitalization, the bureaucracy also contains a very big challenge, namely hacking.

"BPK has experienced cyber attacks several times from irresponsible parties," he said, emphasizing that technology continues to rapidly develop and must be able to be adapted by BPK.

Efforts to select a going concern technology, which also has a high reliability, are not easy. To overcome these challenges, BPK has developed the DNA to map bureaucratic digitalization needs and create a digitalization roadmap.

"It is important for allocating resources, changing work culture and, most importantly, gaining support from stakeholders," he said.

The data protection as a result of a collaboration with competent and authorized parties, namely the National Cyber and Encryption Agency (BSSN), is very crucial. BPK and BSSN must continue to carry out a regular vulnerability testing.

Gunarwanto assessed that in the future, BPK needs to encourage a unified view of all stakeholders, especially policy makers. Internalizing values of integrity, independence and professionalism needs to be carried out in all working units and employees on an ongoing basis. Also, the internalization of the Code of Ethics for auditors needs to be carried out continuously as reminder and reinforcement, as well as the strengthening the supervision system in audit and non-audit work practices.

There is also a need to provide disciplinary and ethical sanctions that will deter both perpetrators of corruption in BPK and employees in general.

"I hope that BPK as an audit institution is able to be at the forefront in upholding values of integrity, independence and professionalism, which in turn can minimize corruption," he said.



BPK Library received an award as

The National Reference Library with A Accreditation

This award was handed over by the Head of the National Library
at the National Library Coordination Meeting held
in Pullman Hotel Jakarta on Monday, 6 March 2023



BPK Recommends Improving Foresight in South Korea

BPK SPOKE AT THEMATIC SESSION I ON "STRATEGIC FORESIGHT FOR FORWARD-LOOKING POLICIES AND PROGRAMS IN THE CONTEXT OF UNCERTAINTY".

Audit Board of the Republic of Indonesia (BPK) recommends policy makers to develop their foresight capabilities. Thus, it is expected that the policies formulated can be effective and of high quality.

This statement was conveyed by BPK Vice Chair, Hendra Susanto when attending the 7th Regional Symposium on Effective Governance and Digital Transformation for Accelerating Progress towards the 2030 Agenda—Promoting Sustainable, Resilient, and Innovative Solutions in Incheon, South Korea on Tuesday-Wednesday (17-19/10/2023).

"Let's build strong commitment, synergy, collaboration and cooperation with the principle of leaving no one behind for a more resilient world to face potential crises in the future, as well as to accelerate the achievement of the 2030 SDGs agenda," he said.



■ BPK Vice Chair, Hendra Susanto spoke at the 7th Regional Symposium on Effective Governance and Digital Transformation for Accelerating Progress towards the 2030 Agenda—Promoting Sustainable, Resilient, and Innovative Solutions in Incheon, South Korea.



Let's build strong commitment, synergy, collaboration and cooperation with the principle of leaving no one behind for a more resilient world to face potential crises in the future, as well as to accelerate the achievement of the 2030 SDGs agenda.



At the event organized by the United Nations Department of Economic and Social Affairs (UN DESA), BPK Vice Chair gave a speech and explained the BPK's foresight.

On that occasion, BPK spoke at thematic session I on "Strategic Foresight for Forward-Looking Policies and Programs in the Context of Uncertainty". BPK also involve in facilitating discussions on learning lab session 1 entitled "Harnessing Strategic Foresight for Effective Governance".

The symposium was carried out in collaboration between UN DESA through the Project Office on Governance (UNPOG),



Ministry of the Interior and Safety (MOIS) Korea, and Incheon Metropolitan City. This activity aims to further empower the government and public institutions through increasing capacity to encourage effective governance in order to accelerate the implementation of the Sustainable Development Goals (SDGs).

Presented as a speaker was the Director General of Planning, Evaluation and State Financial Audit Policy, Bernardus Dwita Pradana. He was accompanied by Head of the Sub-Directorate for Financial Audit Evaluation and Reporting, Sulung Setyo Amboro.

The symposium was attended by various experts, researchers, academics, SAIs and public officials from various countries. Attended the opening of this symposium were the eighth UN Secretary General Ban Ki-Moon, the Minister of the Interior and Safety of Korea Sang-min Lee, and the Governor of Incheon Metropolitan City Korea Jeongbok Yoo. ~



Participating in BPK Peer Review, Chair of BPK Expressed Her Appreciation to SAI of Switzerland

IN 2024, BPK WILL BE REVIEWED BY SAI OF GERMANY AS PEER REVIEW COORDINATOR ASSISTED BY SAI OF SWITZERLAND AND SAI OF AUSTRIA.



■ Chair of BPK, Isma Yatun when receiving SFAO representatives at BPK Head Office.

Chair of the Audit Board of the Republic of Indonesia (BPK), Isma Yatun, expressed her appreciation to Supreme Audit Institution (SAI) of Switzerland or known as the Swiss Federal Audit Office (SFAO). This is related to the role of SFAO in carrying out peer review of BPK in 2024.

This appreciation was conveyed when SFAO representatives visited BPK Head Office on Tuesday (3/10/2023). The Chair of BPK welcomed the courtesy call of the two SFAO delegates, who are Deputy Director, Head of Mandate Sector SFAO, Brigitte Christ, and Expert SFAO, Maria Magdalena Cordero Valdivida.

In her speech, the Chair of BPK expressed her appreciation to SFAO as one of the team members that will later carry out a peer review of BPK. Especially in the field of information technology (IT). "I believe that peer review of BPK's quality control system will result in the implementation of a good and effective internal control system," explained the Chair of BPK.

Based on the law, BPK peer reviews are carried out every five years. In 2024, BPK will be reviewed by SAI of Germany as peer review coordinator assisted by SAI of Switzerland and SAI of Austria. Peer review will assess BPK's quality control system in governance, and implementation of the code of ethics, human resources, and IT.

As an initial stage of the peer review process, SFAO will assess the IT sector through an information technology self-assessment (ITSA) workshop. The workshop was attended by 20 participants at BPK Training Institute on State Financial Audit, in Kalibata, Jakarta on 4-5 October 2023.

The ITSA method implemented by the EUROSAI IT Working Group, is a simple standard tool that contributes to improving IT functions at SAI. ITSA aims to provide insight into current IT support. Then IT infrastructure and how to position IT to face future challenges.

"I hope that this workshop can run smoothly and that the participants can complete this assessment well and honestly. To get the maximum benefit in order to improve the IT system at BPK," said the Chair of BPK.

Present at this meeting, were BPK Secretary General, Bahtiar Arif, Inspector General, I Nyoman Wara, and Director General of State Financial Audit Planning, Evaluation, and Policy, Bernardus Dwita Pradana. Along with them, there was also the Director of Public Relations and International Cooperation, R Yudi Ramdan Budiman, Inspector of Integrity Enforcement, Teguh Widodo, and Director of the Information Technology, Pranoto. ~

Vice Chair of BPK Supports ITSA Implementation

ITSA AIMS TO PROVIDE INSIGHT INTO CURRENT IT SUPPORT, IT INFRASTRUCTURE, AND HOW TO POSITION IT TO FACE FUTURE CHALLENGES.



■ ITSA workshop activities at BPK Training Institute on State Financial Audit, in Kalibata.

Vice Chair of the Audit Board of the Republic of Indonesia (BPK), Hendra Susanto, fully supports the implementation of Information Technology Self-Assessment (ITSA). This is the method used to conduct a peer review of BPK in 2024.

"As a representative of BPK's top management, I am fully committed to developing IT (information technology)

based business processes in all areas," he said at the ITSA workshop in BPK Training Institute on State Financial Audit, in Kalibata, Jakarta, Wednesday (4/10/2023).

The ITSA method implemented by the EUROSAI IT Working Group is a simple standard tool that contributes to improving the IT function of Supreme Audit Institutions (SAI). ITSA aims to provide insight into current IT support, IT infrastructure, and how to position IT to face future challenges.



■ Vice Chairman of BPK, resource person, and ITSA workshop participants.

BPK faces various challenges as a result of rapid change. BPK must also meet the expectations of stakeholders regarding how we use IT to improve the quality of business processes, especially the audit process.

This workshop was attended by 20 participants and is part of a series of BPK peer reviews activity in 2024. Present at the event which was held for two days on Wednesday-Thursday (4-5/10/2023) was SAI of Switzerland - Swiss Federal Audit Office (SFAO). They were represented by the Vice Director, Head of Mandate Sector, Brigitte Christ, and Expert, Maria Magdalena Cordero Valdivida.

Based on Law Number 15 of 2006, BPK peer reviews are carried out every five years. In 2024, BPK will be reviewed by SAI of Germany as coordinator, along with SAI of Switzerland and SAI of Austria as the team members.

Peer review will assess BPK's quality control system related to the code of ethics, human resources, and IT. As the initial stage of the peer review process, SFAO uses ITSA as its method. Next, SFAO will further assess IT developments at BPK.

Vice Chair of BPK, Hendra Susanto, officially opened the workshop. In his speech, the Vice Chair of

BPK said that the results of the workshop were important as a baseline for the peer review team to dig deeper into how BPK developed its IT.

The results of the peer review will also become the input for preparing BPK strategic plan for 2025-2029. "BPK faces various challenges as a result of rapid change. BPK must also meet the expectations of stakeholders regarding how we use IT to improve the quality of business processes, especially audit processes," he said.

As part of the review team, Brigitte Christ said that through peer review, BPK has opened up opportunities and dared to be open to being assessed by its own employees. In this case, it is related to how well BPK has developed, especially in the IT field.

"I would really appreciate it if all of you could provide a serious and honest assessment. This is because being good today will not be good enough for tomorrow," she said. ~

BPK Determines to Reassume as IMO's External Auditor

WITH ITS CAPACITY AND EXPERIENCE IT HAS, ISMA YATUN IS OPTIMISTIC THAT THE BPK WILL BE ABLE TO CONTINUE PROVIDING QUALITY AND USEFUL AUDITS OF IMO.



■ Chair of BPK, Isma Yatun

Chair of the Audit Board of the Republic of Indonesia (BPK), Isma Yatun asked for support from ambassadors from friendly countries to reassume as external auditors for the International Maritime Organization (IMO) for 2024-2027 period. With its capacity and experience it has, Isma Yatun is optimistic that the BPK will be able to continue providing quality and useful audits of IMO. This statement was conveyed by Chair of BPK when attending a meeting held by the Ministry of Transportation (Kemenhub) with ambassadors in Jakarta, Monday (6/11/2023). This activity was held by the Ministry of Transportation to ask for support for Indonesia's candidacy to become a member of the IMO council.

Isma Yatun in her speech expressed her appreciation to Minister of Transportation Budi Karya Sumadi to be invited to attend the meeting. Isma explained that BPK had supported IMO by providing the highest quality audits while serving as the organization's external auditor in 2020-2023. Isma explained that the BPK's achievements as an external auditor are supported by its mandate which is independent, as well as the resources of professional auditors who are highly skilled and experienced in the audit field, both at the national and international levels.

"During our tenure (as IMO's external auditor), BPK has provided added value audit to IMO. BPK audits have helped IMO increase the reliability and fairness in their financial statements. BPK also assisted IMO improve its internal control and compliance as well as the efficiency and effectiveness of governance, " said Isma.

Isma added that the results of the BPK audit also provide benefits for IMO members regarding the independence of IMO development and governance. This can be achieved as BPK provides input, views, conclusions and recommendations gained from the audit results. "BPK's extensive experiences in auditing international organizations, including the IMO and IAEA, reflects our ability to provide high-quality audits to the IMO."

On that occasion, Isma Yatun emphasized that BPK is determined to continue its audit services at IMO for the second period 2024-2027 because the BPK's term of office as external auditor will end this year. "Therefore, on behalf of the Audit Board of the Republic of Indonesia, I humbly express my gratitude for the continuous support for the BPK to become the IMO External Auditor for the 2024-2027 period," said Isma.

The meeting held by the Ministry of Transportation was attended by a number of Ambassadors and representatives from 23 countries, including Zimbabwe, Papua New Guinea, Libya, Iran, Myanmar, Belarus, Hungary, Thailand, Colombia, Czech Republic, Ireland, Austria, Suriname, Bosnia Herzegovina, Bahrain, Morocco, Pakistan, Cambodia, Denmark, Korea, England and Iraq. "We ask for the best support for Indonesia's candidacy to become a member of the IMO council.

BPK's extensive experience in auditing international organizations, including the IMO and IAEA, reflects our ability to provide high quality audits to the IMO.



■ Minister of Transportation, Budi Karya Sumadi

"We continue to be committed to strengthening the role of IMO and developing a sustainable global maritime sector through consistent initiatives, dedication and concrete actions," said Minister of Transportation Budi Karya Sumadi as quoted from the official website of the Ministry of Transportation. In front of the Ambassadors of friendly countries, the Minister of Transportation conveyed Indonesia's active role as an IMO member country since 1961. "We, in collaboration with other maritime countries, have actively implemented global standards for shipping safety and security, marine environmental protection, competence and basic rights of seafarers," he added.

The Minister of Transportation also conveyed Indonesia's commitment to continue encouraging the strengthening of the cooperation in implementing energy efficiency and renewable energy to accelerate the reduction of greenhouse gas emissions from ships. "We welcome the participation and best practices of IMO member countries in developing smart and sustainable ports and increasing the efficiency and sustainability of the maritime industry," said the Minister of Transportation. ~

BPK Explains the Importance of Indonesia's Involvement in IMO

NOT ONLY RELATED TO MARITIME ISSUES, ESPECIALLY INTERNATIONAL SHIPPING, THESE ISSUES ARE ALSO RELEVANT TO SAFETY, SECURITY, AND ENVIRONMENTAL PROTECTION FOR THE INTERNATIONAL SHIPPING INDUSTRY.

Indonesia's active role and involvement in International Maritime Organization (IMO) has important and strategic significance, both as Council member and external auditor. This is especially true in determining the direction and policy for drafting international maritime regulations which also influence maritime policy.

"In carrying out its active role, Indonesia also follows the latest developments and issues that are of concern and discussed at IMO meetings," said BPK Member I, Nyoman Adhi Suryadnyana when delivering a keynote speech at a focus group discussion (FGD) on "the Role and Contribution of Indonesia to the International Maritime Organization" at the Ministry of Transportation, Friday (3/11/2023).

He explained that not only related to maritime issues, especially international shipping, these issues are also relevant to safety, security and environmental protection for the international shipping industry. This requires follow-up and coordination within the country.

Further, the issues may also have an impact on the role and policy at the national level which have relevance to the function of the Ministry of Transportation through the Directorate General of Sea Transportation (Hubla) as the IMO maritime administrator in Indonesia.



■ BPK Member I, Nyoman Adhi Suryadnyana

In his speech, Nyoman also underlined the mandate of Presidential Regulation Number 30 of 2019 concerning Indonesia's Membership and Contribution in International Organizations. He explained the purpose of the regulation, namely increasing Indonesia's role and performance in international forums, establishing and managing good relations between countries as well as building and maintaining the international community's trust in the pride and honor of the Indonesian nation.



On this occasion, Nyoman also expressed his appreciation for the establishment of the International Maritime Communication Forum (Forkomarin) on 17 October 2023 by the Ministry of Transportation who was also present at the FGD. He hoped the forum can become a forum for communication and coordination between the government and stakeholders to support Indonesia's participation in various international maritime organizations.

The focus group discussion was held by the Ministry of Transportation based on the results of BPK's performance audit on IMO. The discussion aimed to increase the impact of audit in terms of quality and benefits, in particular functions of ministries and related policies at the national level. It is conducted for the purpose to improve governance as mandated in BPK 2020-2024 Strategic Plan.

Minister of Transportation Budi Karya Sumadi opened the focus group discussion attended by various elements who are maritime stakeholders at the national level, such as government, associations e.g. Indonesian National Shipowners' Association (INSA), and academic elements.

The discussion presented three important issues based on the results of BPK's performance audit of the IMO in 2021 and 2022. This was followed by a discussion moderated by Capt. Hadi Supriyono from the academic background.

The first issue was related to "Improving Maritime Safety and Preventing Fraud in the Maritime World through the IMO Ship Identification Number Scheme" presented by the Director of Shipping and Maritime Affairs, Dr. Hartanto. He elaborated the



benefits, challenges and lessons learned from the scheme. The session also discussed the opportunity to register ship numbers for a fee with IMO.

The next issue was "Strengthening Indonesia's Diplomacy through Indonesians' Employment in International Organizations" delivered by the Secretary of the Directorate General of Human Relations, Lollan Andy Sutomo Panjaitan. The session discussed the need to place Indonesians in international organizations, including junior professionals officer (JPO) and senior professionals officer (SPO) schemes which can be utilized at IMO.

The last discussion was on "Increasing Indonesia's Role and Contribution in Long-Term Projects that Support IMO Technical Cooperation Goals" presented by the Head of Subdirector for Ship Safety, Wahyu Ardianto. He delivered Indonesia's active involvement in several IMO technical cooperation projects, which include protecting marine biodiversity through GloFouling project, managing marine waste through GloLitter project, Blue Solution project, and efforts to reduce greenhouse gases. ~

BPK Entrusted as ASEANSAI Secretariat 2024-2029

AS THE SECRETARIAT OF ASEANSAI, BPK ACTS AS A DRIVING FORCE
TO ENSURE PLANNED ACTIVITIES RUN SMOOTHLY.



The Audit Board of the Republic of Indonesia (BPK) is committed to be more open to collaborating with ASEANSAI members in the future. This is more so in its function as the ASEANSAI Secretariat for 2024-2029 period.

"Considering the dynamic challenges in running the Secretariat, BPK will also

encourage more inclusiveness by being more agile and open to collaborating with ASEANSAI members," said BPK Chair Isma Yatun at the 7th ASEANSAI Summit held in Manila, Philippines (2/11/2023).

In this event, BPK was appointed to be the Secretariat of ASEANSAI for 2024-2029 period, a role BPK has been carrying out since ASEANSAI's establishment in 2011.



As the ASEANSAI Secretariat, BPK acts as a driving force to ensure planned activities run smoothly. In addition, Secretariat is also responsible for managing administrative arrangements related to ASEANSAI activities, including playing a role in developing ASEANSAI cooperation with stakeholders.

The Summit was attended by Heads of SAs from ASEAN member countries, who discussed and gave approvals to strategic issues. For example, ASEANSAI Chairmanship succession and the determination of revising rules and procedures, committee chairs and members, ASEANSAI auditors, and the appointment of ASEANSAI Secretariat.

In her speech, BPK Chair Isma Yatun expressed her appreciation to the Heads of SAs for once again entrusting BPK. She also conveyed BPK's commitment to encourage collaboration with strategic partners, such as regional organizations and development partners, as well as encourage better internal governance. ~



Considering the dynamic challenges in running the Secretariat, BPK will also encourage more inclusiveness by being more agile and open to collaborating with ASEANSAI members.



BPK Chair and Australia's Ambassador Agree on Opportunities for Women

AUSTRALIA'S AMBASSADOR TO INDONESIA CONGRATULATED BPK ON VARIOUS ACHIEVEMENTS AND CONTRIBUTIONS, ESPECIALLY ITS ROLE IN THE INTERNATIONAL ARENA.



During the courtesy, Isma appreciated Australia's support through various programs initiated by DFAT Australia, in particular Prospera, umbrella program for the bilateral cooperation between BPK and ANAO.

The two institutions have been cooperating under a bilateral framework since 2006 and the relation has grown more mature throughout the years with a change in focus from technical level training to a focus on management, organizational development, and two-way learning between institutions in various topics, both institutional and technical audit.

Australia's Ambassador to Indonesia congratulated BPK on various achievements and contributions, especially its role in the international arena.

Before the meeting ended, both parties agreed to strengthen cooperation and collaboration in a sustainable manner, not only between BPK and ANAO, but also between the Governments of Indonesia and Australia. ~

Chair of the Audit Board of the Republic of Indonesia (BPK) Isma Yatun and Australia's Ambassador to Indonesia Penny William PSM emphasized the importance of cooperation programs that provide wider opportunities for women. This is carried out through programs such as Women in Leadership Mentoring and Women with Children Secondment.

This point of discussion was raised when BPK Chair received the Australia's Ambassador in a courtesy meeting at BPK Head Office in Jakarta on Friday (10/11/2023). The meeting aimed to strengthen bilateral relations between the Governments of Indonesia and Australia, specifically between BPK and the Australian National Audit Office (ANAO).





BPK Shares Knowledge and Experiences with SAI Saudi Arabia

BPK VICE CHAIR EXPRESSES HIS GRATITUDE FOR SAI SAUDI ARABIA'S SUPPORT IN NOMINATING BPK TO HOST THE 2028 CONGRESS OF INTERNATIONAL ORGANIZATION OF SUPREME AUDIT INSTITUTIONS (INTOSAI).

BPK calls for the importance of cooperation and collaboration with the General Court of Audit of the Kingdom of Saudi Arabia (SAI Saudi Arabia), specifically in the form of knowledge and experiences sharing in the area of performance audits and SAI's role in the transition from cash-based accounting to accruals.

BPK Vice Chair, Hendra Susanto, mentioned it when leading the delegation in a bilateral

meeting with the Executive Vice President for Performance Audit of SAI Saudi Arabia, Abdullah Al Haiqi, which was held online on Wednesday, November 15, 2023.

The meeting was based on the initiative of SAI Saudi Arabian aiming at sharing knowledge and experiences regarding performance audit methodology and strategies, as well as the role of SAI in the transition process from cash-based accounting to accruals.

In his remark, BPK Vice Chair expresses his gratitude for SAI Saudi Arabia's support in nominating BPK to host the 2028 Congress of International Organization of Supreme Audit Institutions (INTOSAI). In the occasion, BPK Secretary General Bahtiar Arif presented BPK's role in the transition from cash-based to accrual-based accounting in Indonesia. It covers legal basis, transition chronologically from year to year, challenges faced and lessons learned.



The meeting was concluded with the reaffirmation of the commitments of BPK and SAI Saudi Arabia to strengthen bilateral cooperation in public sector audit.

The Secretary General also conveyed methodology and strategy of performance audits in planning, field audit and reporting phases, including the impact of performance audits.

The meeting was concluded with the reaffirmation of the commitments of BPK and SAI Saudi Arabia to strengthen bilateral cooperation in public sector audit, which allows exploration of opportunities for collaboration in trainings and development of audit capacity.

As a follow-up to the meeting, the BPK Vice Chair welcomes SAI Saudi Arabia's plan to visit Indonesia to deepen discussions on the two topics and other topics, such as cyber security-IT audit and visit to the BPK Training Institute of the State Financial Audit. ~



BPK Becomes the External Auditor of Inter-Parliamentary Union

SUBMISSION OF PROPOSALS IS CARRIED OUT BY TAKING INTO ACCOUNT BPK'S KNOWLEDGE AND EXPERIENCE AS AN EXTERNAL AUDITOR OF CURRENT AND PREVIOUS INTERNATIONAL INSTITUTIONS.

The Audit Board of the Republic of Indonesia (BPK) was selected as the external auditor of the World Parliamentary Organization or Inter-Parliamentary Union (IPU) for the 2023-2025 period. The appointment was based on the IPU Executive Committee's decision which was conveyed to the Chair of BPK, Isma Yatun, via letter by the IPU Secretary General, Martin Chungong, on Tuesday (28/11/2024).

The IPU is an international organization that oversees parliaments in member countries. Currently, the head office of this organization, which was founded in 1889 in Paris, France, is in Geneva, Switzerland. Moreover, with 179 member countries, the IPU has permanent offices in New York-USA, and Vienna-Austria.

For the selection process, BPK submits a nomination proposal as a candidate for the IPU's external auditor. Submission of proposals is carried out by considering BPK's knowledge and experience as an external auditor of current and previous international institutions.

For example, the International Atomic Energy Agency (2016-2021), the International Maritime Organization (2020-2023) including the World Maritime University and International Maritime Law Institute, and the World Intellectual Property Organization (2024-2029). BPK is also trusted to be Chair of the United Nations External Audit Panel or Chair of the UN Panel of External Auditors (2022-2023).



With BPK's appointment as the IPU's external auditor, BPK will immediately carry out this mandate and replace the previous external auditor, namely the Comptroller and Auditor General of India (CAG India). This also further increases capacity and credibility, as well as strengthening stakeholder trust in BPK.

IPU aims to promote peace through diplomacy and inter-parliamentary dialogue. IPU has a vision to create a world where every vote is counted. Including democracy and parliament for people's service as well as peace and development. Meanwhile, its mission includes promoting democratic governance, institutions and values, working with parliament and parliamentarians to articulate and respond to the needs and aspirations of the people. ~

Reappointment of BPK as IMO External Auditor 2024-2027

AROUND 175 MEMBER COUNTRIES WHO ATTENDED THE SESSION UNANIMOUSLY DECIDED TO REAPPOINT BPK AS IMO EXTERNAL AUDITOR.



■ Board Member I of BPK, Nyoman Adhi Suryadnyana, attended the 33rd IMO Assembly session which was held at IMO headquarters, London, England.

The Audit Board of the Republic of Indonesia (BPK) has once again demonstrated its relevant capacity and capability on the international stage. This is evident from the re-appointment of BPK as the external auditor for the International Maritime Organization (IMO) for the 2024-2027 period.

Board Member I of BPK, Nyoman Adhi Suryadnyana, also expressed his appreciation for this appointment. IMO is a specialized UN agency responsible for the safety and security of shipping activities and preventing pollution at sea.

This appointment took place at the 33rd IMO Assembly session which was held at the IMO headquarters, London, England on Friday (1/12/2024). Nyoman said that around 175 member countries who attended the session unanimously decided to reappoint BPK as IMO's external auditor. This includes the World Maritime University (WMU) and the International Maritime Law Institute (IMLI) for the period of 2024-2027.

"Previously, BPK had been the external auditor for IMO, including WMU and IMLI, in the period of 2020-2023. During that period, BPK had carried out audits by upholding the values of independence, integrity, and



professionalism, as well as applying the highest standards to maintain audit quality," said Board Member I of BPK.

"BPK has also provided recommendations aimed at increasing the efficiency, effectiveness and accountability of IMO management," added Nyoman.

The process of BPK's re-appointment as an IMO external auditor has taking into account BPK's knowledge and experience as a current and previous external auditor for international organizations. For example, the International Atomic Energy Agency (2016-2021), IMO (2020-2023) including WMO and IMLI, as well as the World Intellectual Property Organization (2024-2029).

On the same day, Indonesia was also elected as a member of the IMO Council in Category C for the period of 2024-2025. These two achievements further strengthen Indonesia's position and existence in the international forum. ~



Previously, BPK had been an external auditor for IMO, including WMO and IMLI, in the period of 2020-2023. During this period of time, BPK has carried out audits by upholding the values of independence, integrity, and professionalism, as well as applying the highest standards to maintain audit quality.



BPK Audit Result: 2021 and 2022 IMO Reports Presented Fairly

BPK BOARD MEMBER I APPRECIATED IMO FOR EFFECTIVELY PLANNING AN INTEGRATED TECHNICAL COOPERATION PROGRAM AND DEVELOPING INITIATIVES TO PREVENT FRAUDULENT SHIP REGISTRATION.



■ BPK Board Member I Nyoman Adhi Suryadnyana presented the audit results of 2021 and 2022 IMO financial and performance reports.

Audit Board of the Republic of Indonesia (BPK) presented the audit results of 2021 and 2022 financial and performance reports conducted on International Maritime Organization (IMO) at the 33rd Session of IMO Assembly Meeting at the IMO Headquarters in London, England on Monday (4/12/2023).

Accompanied by BPK Secretary General Bahtiar Arif as IMO Auditor in Charge, BPK Board Member I Adhi Suryadnyana conveyed that IMO financial reports for 2021 and 2023 had been presented fairly in all material aspects. The reports also complied with International Public Sector Accounting Standards (IPSAS).

He also appreciated IMO for effectively planning an integrated technical cooperation and developing initiatives to prevent fraudulent ship registration, including dealing with the problem of crew abandonment.

In spite of that, BPK Board Member I encouraged IMO to make improvements with regard to the

implementation of results-based management, asset management, optimizing the use of information technology in the financial reporting process, and human resource management.

In addition, IMO needs to evaluate the current working practices and employment relations over the IMO ship identification. Henceforth, actions must be taken based on the evaluation results to improve the governance of the scheme.

In terms of completing BPK recommendations, Nyoman also appreciated the management for actively following up on BPK recommendations. Since 2016, IMO has completed 74% of the total previous audit recommendations.

This, according to him, shows IMO's positive response and commitment to improving the quality of its governance and management. On behalf of BPK, Nyoman thanked the Assembly for the opportunity given.

He also hoped that BPK as external auditor can collaborate with member countries in supporting the achievement of organizational goals in its assignment as the next IMO external auditor for 2024-2027. ~





ANAO Expected to Continue Enhance BPK's Capacity

**IN THE FUTURE, ANAO WILL ASSIST BPK
IN DEVELOPING PERFORMANCE STATEMENT AUDIT CAPACITY.**

Audit Board of the Republic of Indonesia (BPK) has taken steps to develop an audit on performance statement or reports of government entities. This is in fulfillment of the mandates of State Financial Law on government accountability for government finances and performance.

BPK Chair Isma Yatun stated that many still needs to be done, including cooperating with government and parliament. "Thus, I hope ANAO and BPK could organize various programs to enhance the capacity of BPK," said BPK Chair in a courtesy and as she wrapped up a series of workshop activities at BPK Head Office in Jakarta, Thursday (7/12/2023).

In this occasion, Isma appreciated the ongoing support from the Australian National Audit Office

(ANAO) in enhancing the capacity of BPK. Among which are workshops on performance statement and auditing non-financial information.

During the meeting, Isma also thanked Group Executive Director-Performance Statements Audit Services Group George Sotiropoulos and Executive Director-Financial Statements Audit Services Audit Services Group Rahul Tejani. As resource persons for the workshop, both had provided new insights regarding audit on performance report to BPK.

On the same occasion, George Sotiropoulos also appreciated BPK, especially workshop participants, for enthusiastically taking part in the 3-day activities. This activity was a continuation of the senior management dialogue between BPK and ANAO in 2022, and BPK had shown enthusiasm and readiness



in starting its implementation. In the future, he continued, ANAO will assist BPK in developing audit capacity for performance statement. He also shared lessons learned from ANAO's experience in pioneering performance statement audits.

As a follow-up to this activity, BPK with the support of ANAO will implement several programs focusing on capacity building, such as knowledge sharing, technical coaching, secondment, study visits.

Previously, on 4-6 December 2023, a "Performance Statement and Auditing Non-Financial Information Workshop" was held. Opened by the Director General of Planning, Evaluation and Policy, the workshop was attended by 26 participants from BPK-wide.

It was a valuable opportunity for BPK to gain direct knowledge and experience from ANAO in auditing performance statements. Topics discussed include an introduction to performance statements and its audit, planning phase, interim phase, and reporting phase.

The workshops and cooperation between the two institutions were expected to bring benefits in encouraging professional development and good governance practices. It was also an important milestone in improving financial management in the two countries in the future. ~



■ Courtesy Meeting between BPK Chair Isma Yatun and ANAO delegation.



Email SECURITY



Check before opening your email

- Read email subject.
- Check sender's email address.
- Make sure nothing looks suspicious.



Open your email on a secured device.



Do not open attachments or click on links which safety cannot be assured or sent by unknown senders.

Be careful when opening your email on shared computers such as at an internet cafe or airport business center.



Be sure to logout from your email when using shared computers.



www.bpk.go.id



@bpkriofficial



@bpkri



08111907010



BPK RI Official



@humasbpkri.official



@bpk.ri

Get to know about Tax Provisions Regarding Transfer Pricing

**AUDITORS MUST KNOW THE CIRCUMSTANCES OF TRANSFER PRICING,
ESPECIALLY THE TERM OF TRANSFER PRICING ABUSE.**



■ Section Head of International Tax Dispute Prevention and Handling III, Directorate General of Taxes, Khodori Eko Purwanto.

The Audit Board of the Republic of Indonesia (BPK) organizes a Knowledge Transfer Forum (KTF) for the Human Resources Bureau about Tax Provisions regarding Transfer Pricing at the end of September 2023. Regarding this theme, Director of Audit VII.A BPK, Lilik Hartomo, hopes that the participants can understand the basic concepts of transfer pricing and its application in Indonesia and its influence, in the perspective on international tax.

"Does the implementation of transfer pricing benefit one company and harm the state or benefit both parties," he asked, in the KTF which was held online.

Lilik gave an example, Pertamina's restructuring has been ongoing since June 2020, and in September 2021, PT Pertamina Persero experienced changes to its corporate structure following the establishment of Pertamina by the government through the Ministry of BUMN as a holding company in the energy sector.

In the process, the impact of the formation of several sub-holdings began to have an impact on the company's operational

performance, including the harmonization of regulations and transactions between subsidiaries.

In the Directorate General of Taxation Regulation Number Per 43/2010 concerning the Application of Fairness and Business Customary Principles in Transactions Between Taxpayers and Parties Who Have Special Relationships, one of the regulations is transfer pricing. Transfer pricing is the determination of prices in transactions between parties who have a special relationship.

The transfer pricing referred to must apply the principle of fairness and business customary, namely the principle which regulates that if the conditions in transactions carried out between parties who have a special relationship are the same or comparable to the conditions of transactions carried out between parties who do not have a special relationship that becomes comparison.

Thus, the price or profit in transactions carried out between parties who have a special relationship must be the same as or within the range of prices or profits in transactions carried out between parties who do not have a special relationship who are comparable.



Based on the rules above, PT Pertamina Persero also applies transfer pricing in transactions with and between sub-holdings. Of course, it applies the principle of business fairness which will definitely also affect company profits and profits as well as state taxes.

"In semester I 2023, BPK RI, through the Directorate of Audit VII.A auditors, has carried out a special purpose audit regarding the management of cost and investment income at PT Pertamina, as a holding company in the energy sector and 3 sub-holding companies under it, namely Pertamina Hulu Energi, Pertamina Patra Niaga and Pertamina International Refinery," he said.

ABUSE TRANSFER PRICING

Meanwhile, Section Head of the International Tax Dispute Prevention and Handling III, Directorate General of Taxes (DJP), Khodori Eko Purwanto, explains that there are reasons why auditors must know the circumstances of transfer pricing, especially the term of abuse transfer pricing.

He explained that in current industrial developments, many companies want to seek a wider market share. It is not surprising, for example, that a multinational company will move several company divisions to

countries that provide comprehensive benefits for the company.

Of course, the company will look at the policies of the countries concerned. He gave the example that company A built a Research and Development center in the United States, then moved its manufacturing to Indonesia and Vietnam. This is of course seen from production costs, and from other costs which are lower, including perhaps the country's policy in the field of taxation which provides optimal profits without abuse.

"Later, what we will handle is transfer pricing abuse. Here, for example, the marketing department is placed in Singapore. Because Singapore does not have land, it's just a sub. In Singapore, there are lots of Indonesian companies whose hubs are in Singapore for trading. Likewise, with a number of other countries."

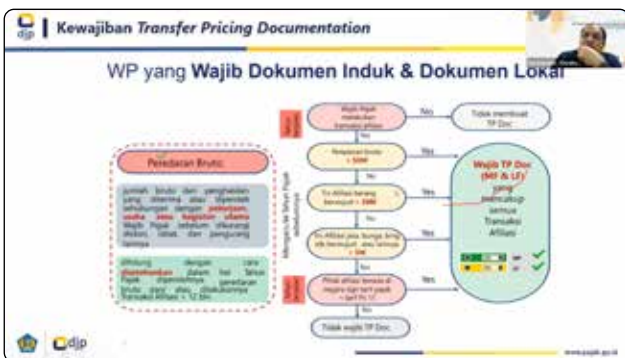
In the process, each country has interests. That the country will receive a share according to its profit



“Do not let getting smaller profit for having manufacture in Indonesia than the trading only in Singapore. Do not let it happen. That is the main principle. So, if something like that happens, then the profit and the risk are not in line, we suspect there is an abuse.”



shifting, according to the risks they bear. For example, if in Indonesia, a company has manufacturing, they should make a profit commensurate with the risk.



"Do not let getting smaller profit for having manufacture in Indonesia than the trading only in Singapore. Do not let it happen. That is the main principle. So, if something like that happens, then the profit and the risk are not in line, we suspect there is an abuse there." he said.



The Organization for Economic Co-operation and Development (OECD) has two references as best practice in handling transfer pricing. The first is the arm length principle.



He explained that in principle all parties must implement this principle, especially those associated or concerned. The word associated has a broader meaning than just share ownership. In this principle, what the officer audits is the transaction between the taxpayer and the associated party.

"So, we cannot compare two parties, for example we want to compare KFC with McD. Because the costs are different, the risks are different, the prices are also different. Thus, in this principle, it is comparing the A associated party with the independent A party," he said.

The second principle, he said, is substance over form. "Often, in this transaction process, the conduct is different from the contract. So, what we really need to pay attention is the conduct," he said. ~



The Audit Board of the Republic of Indonesia

Research Library of

Hours of Service

Monday-Friday

07.45

16.15



OPEN TO PUBLIC

Collection of BPK products that cannot be found in other libraries



BPK RI Building Jl. Gatot Subroto 31, Central Jakarta



Attractive Room Design



www.bpk.go.id



[@bpkriofficial](https://www.instagram.com/bpkriofficial)



[@bpkri](https://twitter.com/bpkri)



08111907010



[BPK RI Official](https://www.youtube.com/BPKRIOfficial)



[@humasbpkri.official](https://www.facebook.com/humasbpkri.official)



[@bpkri](https://www.tiktok.com/@bpkri)



1-8

Opening of BPK PORSENI attended by BPK RI Top Management in the front lawn of BPK Head Office, 27 October 2023. The opening of BPK Porseni began with exercise with employees of BPK RI.



9-10

Chair of BPK, Isma Yatun, attended the "Istana Berbatik" performance which was held on the front lawn of the Merdeka Palace, Jakarta, on 1 October 2023.

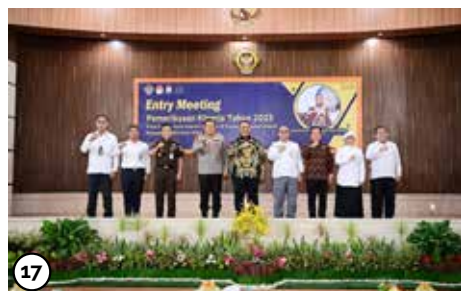


11-13

Chair of BPK, Isma Yatun, and Minister of Women's Empowerment and Child Protection, I Gusti Ayu Bintang Darmawati, attended the final of the Table Tennis Championship to commemorate the 95th Mother's Day, at Tanah Abang Market Block B, Jakarta, on 28 October 2023.



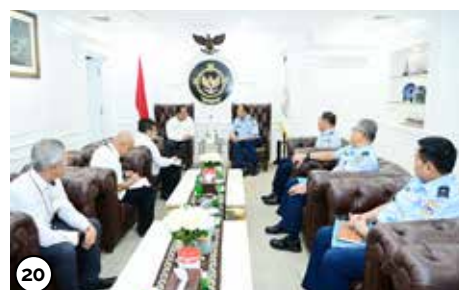
14-16
Vice Chair of BPK, Hendra Susanto, and Board Member I of BPK, Nyoman Adhi Suryadnyana, attended the BNI Investor Daily Summit 2023 at Hutan Kota Plataran, Senayan, Jakarta, 24 October 2023. President Joko Widodo officially opened the event which carried the theme 'Sustainable Growth, Global Challenges'.



17-18
Entry meeting of BPK Board Member I, Nyoman Adhi Suryadnyana, with the Regional Police, High Prosecutor's Office, and South Sulawesi Provincial General Election Commission (KPU), on 1-2 October 2023.



19
Courtesy meeting of BPK Board Member I, Nyoman Adhi Suryadnyana, with Head of Bakamla, on 10 October 2023.



20
Courtesy meeting of BPK Board Member I, Nyoman Adhi Suryadnyana, with KSAU, on 23 October 2023.



21-25
Visit of BPK Board Member IV, Haerul Saleh, to East Java Province, Banyuwangi on October 31, 2023.



BPK Head Office is Awarded the First Rank of

The Best Budget Implementation for the First Semester of 2023

**in the Category of
the Large Ceiling Budget
(above IDR 750 Billion)**



www.bpk.go.id



@bpkriofficial



@bpkri



08111907010



BPK RI Official



@humasbpkri.official



@bpk.ri



26



27



28



29

26-32

Chair of BPK, Isma Yaton, accompanied by Vice Chair Hendra Susanto, Board Member II Daniel Lumban Tobing and Board Member VII Slamet Edy Purnomo attend Focus Group Discussion and Consultation Meeting between BPK and Commission XI of the House of Representatives, December 30, 2023.



30



31



32



33-42
The final of the BPK table tennis competition was attended by BPK Chair Isma Yatun and Board Member I Nyoman Adhi Suryadnyana on November 9, 2023. The match was part of events held to welcome the 77th BPK Anniversary.

43-44
Supervision of BPK Board Member IV, Haerul Saleh, in Situbondo, East Java, on November 1, 2023.

45-46
Courtesy meeting between Board Member VII Slamet Edy Purnomo and President Director of Bank Mandiri on November 20, 2023.





How to Submit Articles

TO WARTA PEMERIKSA MAGAZINE AND WARTA PEMERIKSA DIGITAL

WARTA PEMERIKSA MAGAZINE



COLUMN RUBRIC

REQUIREMENTS

- The themes include auditing state finances, state finances, monetary, policy, government administration, social, economy.
- Document format is in Microsoft Document (.doc) with a minimum of 7,000 characters, and a maximum of 9,000 characters.

WARTA PEMERIKSA DIGITAL



PUBLIC VOICE CHANNEL

REQUIREMENTS

- The themes include auditing state finances, state finances, monetary, policy, government administration, social, economic.
- Document format is in Microsoft Document (.doc) with a maximum of 5,000 characters.



The document shall be sent to:

wartapemeriksa@bpk.go.id

the publication of the article will be based on the decision of the Editorial Meeting of the Warta Pemeriksa.

HUMAS SETKAB/OJI



1



2

1-3
 BPK Leaders talk ahead the submission of IHPS (Summary of Semester Audit Results) I 2023 to President Joko Widodo, 8 December 2023. BPK Board Member I Nyoman Adhi Suryadnyana in his press statement after the submission said that in general government's performance was very good. As many as 80 out of 81 ministries/institutions received unqualified opinions (WTP).



3



4



5



6

4-6
 Welcoming its 77th Anniversary, BPK once again held a mass circumcison at the Baitul Hasib Mosque in the premises of BPK Head Office on 14 December 2023. Attending the event was BPK Vice Chair Hendra Susanto.



7-9
BPK Board Member IV Haerul Saleh made an audit supervision visit to Batam, 5 December 2023.



10



8



11



12



9

10-12

BPK Board Member IV Haerul Saleh made an official visit to Terowongan Kembar (Twin Tunnel) located in the Cisumdawu Toll Road, West Java, 21 December 2023. It is the first tunnel on a toll road and the longest in Indonesia, reaching 472 meters in length.



13

13
Courtesy Meeting between BPK Board member VII Slamet Edy Purnomo with RNI (PT Rajawali Nusantara Indonesia), 1 December 2023.



14



15

14-15
CGCAE (Certification of Government Chief Audit Executive) Seminar held on 11 December 2023, attended by BPK Board Member VII Slamet Edy Purnomo and Chairman of BPKP (Indonesia's National Government Internal Auditor) Muhammad Yusuf Ateh.



16



17



17

16-17
BPK Board Member VII Slamet Edy Purnomo attended Konsinyering of Audit Unit VII at St. Regis Hotel, 11 December 2023.

18
Courtesy meeting between BPK Board Member VII Slamet Edy Purnomo and PT PN (Perkebunan Nusantara), 29 December 2023.



Password Security



- **Use a strong password**
With a minimum of 8 characters.
- Use combination of uppercase, lowercase, and number.
- Do not use common words easily guessed or found in dictionary.
- **Do not use numbers or words that represent personal identity**
Example: date of birth, ID number, children name, pet name, etc.

Keep Your Password Safe

Do not share your password to other people.

Do not use the same password for different systems/applications.

Example: use a different password for social media and BPK account.

Do not write down your password on paper/other media that is easily visible.

Logout from applications once not used.



www.bpk.go.id



@bpkriofficial



@bpkri



08111907010



BPK RI Official



@humasbpkri.official



@bpk.ri



@bpkriofficial



www.bpk.go.id



BPK RI Official



@bpkri



@humasbpkri.official



08111907010



@bpk.ri



▶ BPK provides communication channels as a commitment to support accountability and information disclosure to establish communication with stakeholders.

