

## SPECIAL GIFTS FROM BPK TO GOVERNMENT

**7**  
Strengthen Audit  
with Big Data Analytics

**41**  
Audit on The Distribution  
of Subsidies

**73**  
BPK Starts Auditing  
IMO Financial Reports



**T**he Audit Board of the Republic of Indonesia (BPK) commemorated its anniversary on 1 January 2021. Celebrated amidst the Covid-19 pandemic, its anniversary this year was even more special. Hence, the audit on how government handle the pandemic (hereinafter referred to as Covid-19 audit) is still the main issue for this edition of *Warta Pemeriksa* in English version.

One of the discussions regarding the Covid-19 audit was carried out during the entry meeting of the Audit on Financial Report of Line Ministries FY 2020. On that occasion, BPK emphasized its commitment in delivering quality audit even amidst the pandemic.

Nonetheless, upholding health protocols during audits remain the first priority as an effort to control and prevent the transmission of Coronavirus. This is also the main reason why the entry meeting was held virtually.

The momentum of pandemic is also an opportunity for BPK to strengthen its commitment in using big data analytics in its activities, especially in relation to auditing as BPK's core business. BPK Chairman Agung Firman Sampurna stated that big data analytics is a game changer that will greatly influence BPK's role as a public institution.

Entering a new age, it is a great opportunity for BPK to continuously strengthen its oversight and insight roles to foresight role. This aligns with BPK 2020-2024 Strategic Plan which carries on the vision "to be a trusted audit institution that plays an active role in fostering state finance with high-quality and useful financial governance to achieve state objectives". In line with this, BPK will transform into BPK 4.0.

In its 74th anniversary, BPK submitted two viewpoints to the government. One is related to the implementation of the National Health Insurance, and the other is on the Papua and West Papua special autonomy (Otsus). By giving these gifts to the government, BPK manifests its strengthened role towards foresight. This means that as a supreme audit institution (SAI), BPK will provide policy options related to the future expected by stakeholders.

In this edition of *Warta Pemeriksa*, we also prepare coverage on Long Form Audit Report (LFAR). BPK Board Member V Bahrullah Akbar explained that LFAR approach will be applied to all BPK representative offices this year. The theme of audit will be adjusted to each region. Previously, the approach was still a pilot project in five provinces, namely DKI Jakarta, Aceh, Lampung, Banten, and East Java.

There are still a lot of other important and interesting information happening in BPK that readers can find in this edition of *Warta Pemeriksa* - English version. Lastly, we at the editorial team would also wish all of our readers to stay healthy and maintain strict health protocols to reduce the spread of Covid-19. Happy reading!

---

## EDITORIAL

### Editorial Advisory Board

Agus Joko Pramono  
Bahrullah Akbar  
Bahtiar Arif

### Editor-in-Chief/Guarantor

Selvia Vivi Devianti

### Managing Editor

Kusuma Ayu Rusnasanti

### Deputy Managing Editors

Trisari Istiati  
Ami Rahmawati

### Editorial Staff

Bestantia Indraswati  
Frenny Artiningrum  
Dominika Dayvera Rosana  
Sylvia Ika Oktavi

### Secretariat

Ni Luh Made Dwiningtyas S  
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)



## 4 BPK: AUDIT IN TIME OF COVID-19

All working units and audit teams were required to carry out intensive communication and coordination.

- 7 STRENGTHEN AUDIT WITH BIG DATA ANALYTICS
- 10 BPK'S VIEWPOINT STRENGTHENS ITS FORESIGHT ROLE
- 12 CONCURRENT AND SYSTEMATIC FINANCIAL AUDIT
- 14 MINISTRY OF HOME AFFAIRS: SIPD (LOCAL GOVERNMENT INFORMATION SYSTEM) SUPPORTS THE IMPROVEMENT OF REGIONAL FINANCIAL ACCOUNTABILITY
- 16 BPKP PROPOSES TO IMPLEMENT SIPD IN STAGES
- 18 REVIEW ON FISCAL DECENTRALIZATION IS CRUCIAL FOR LOCAL PROGRESS
- 22 IMPROVING THE ACCURACY OF SUBSIDY EXPENDITURE
- 24 BPK REVEALS PROBLEMS OF EXPENDITURE IN THREE MINISTRIES
- 26 GOVERNMENT POTENTIALLY LOSES STATE-OWNED ASSETS (BMN) FROM CONTRACTORS OF COOPERATION CONTRACT (KKKS)
- 29 THE PAPUA SPECIAL AUTONOMY PROGRAM (OTSUS) NEEDS IMPROVEMENT
- 33 RESTORE THE IMPLEMENTATION OF NATIONAL HEALTH ASSURANCE
- 37 BPJS KESEHATAN (HEALTHCARE AND SOCIAL SECURITY AGENCY): THE DEFICIT ENDS WITH SYSTEMIC IMPROVEMENTS
- 39 FIVE RISKS IN LKKL AUDIT
- 41 AUDIT ON THE DISTRIBUTION OF SUBSIDIES
- 43 BOARD MEMBER IV ENCOURAGES IMPROVEMENT OF FOLLOW-UPS ON BPK RECOMMENDATIONS
- 44 BPK CONTINUES TO MAINTAIN AUDIT QUALITY IN THE MIDST OF PANDEMIC
- 45 BPK EXPANDS AUDIT WITH L FAR FORMAT
- 47 RISK-BASED APPROACH: FOWS OF BPK'S AUDIT
- 51 PLANNING THE AUDIT
- 54 MANAGING SDGS AUDIT IN THE GLOBAL WORLD
- 56 AUDIT STRATEGY DURING COVID-19 PANDEMIC

- 58 TRANSPARENCY AND ACCOUNTABILITY CAN NOT BE NEGOTIATED
- 60 AGUS JOKO PRAMONO SELECTED AS VICE CHAIR OF UN IAAC
- 61 BPK SHARES ITS EXPERIENCE ON BANK SUPERVISION AUDIT
- 64 BPK RECEIVED BEST INFOGRAPHIC AWARD FROM INTOSAI WGEA
- 66 BPK EXPOSES THE USE OF DATA ANALYTICS AT THE ARABOSAI SEMINAR
- 67 BPK STARTS ITS ROLE AS THE EXTERNAL AUDITOR OF INTERNATIONAL MARITIME ORGANIZATION (IMO)
- 69 BPK-NIK SHARES EXPERIENCE IN AIR POLLUTION AUDIT
- 72 BPK VICE CHAIRMAN ENCOURAGES THE UN SUPERVISORY BODIES TO STRENGTHEN COORDINATION
- 73 BPK STARTS AUDITING IMO FINANCIAL REPORTS
- 75 THE IMPORTANCE OF DIVERSITY AND INCLUSION IN ORGANIZATION
- 78 BPK-ANAO HELD INFORMATION TECHNOLOGY AUDIT TRAINING
- 80 BPK HAS AUDITED FOUR AGENDAS OF THE MEDIUM-TERM NATIONAL DEVELOPMENT PLAN (RPJMN) OF 2020-2024
- 82 BPK UPHOLDS CODE OF ETHICS THROUGH MKKE
- 85 MOU WITH ACCOUNTING PROFESSION: A SYNERGY
- 88 PICTURES



## BPK: AUDIT IN TIME OF COVID-19

All working units and audit teams were required to carry out intensive communication and coordination.



■ Chairman of BPK, Agung Firman Sampurna

**T**he Audit Board of the Republic of Indonesia (BPK) will again carry out its mandatory duties, namely auditing the Central Government Financial Statements (LKPP), Ministry/Institution Financial Reports (LKKL), and the Financial Statements of the State General Treasurer (LKBUN) 2020. Even though it is a routine activity, the Chairman of BPK Agung Firman Sampurna asked all auditors to prepare themselves properly.

With the condition of the Covid-19 pandemic that has not ended, Agung reminded, the room for audit will still be limited. However, these conditions have encouraged BPK personnel to develop audit methods by adjusting the pandemic situation without reducing the quality of the audit results.

“For that, we will conduct a workshop to prepare ourselves as best as possible to face the challenges of the audit that we will carry out,”

said Agung in his direction when opening the LKPP, LKKL, and LKBUN 2020 Audit Preparation Workshop virtually, Wednesday (6/1). The workshop was held for three days from 6 - 8 January 2021.

This workshop is one of the important activities in the planning stage as part of the audit cycle of LKPP, LKKL, and LKBUN.

In general, the implementation of these activities is intended to maintain the quality of BPK's audits and uphold BPK's basic values, namely independence, integrity, and professionalism. This activity was attended by BPK Middle and High top management as well as BPK auditors.

Also attending to provide direction in this activity, were Vice Chairman of BPK Agus Joko Pramono, Board Member I BPK, Hendra Susanto, Board Member II BPK, Pius Lustrilanang, Board Member III BPK, Achsanul Qosasi, Board Member IV BPK, Isma Yatun, Board Member V, Bahrullah Akbar, and Board Member VII BPK,



Each audit team needs to develop adequate strategies and procedures for auditing each identified risk. This includes optimizing the use of information technology in the audit process.

Daniel Lumban Tobing.

In accordance with the provisions of Article 13 of Law (UU) Number 2 of 2020, the use of budget in the context of implementing state financial policies for handling the Covid-19 pandemic, must be reported by the government in LKPP. Regarding this policy, Agung also asked all auditors to carry out an in-depth risk identification of any policies taken by the government in order to deal with the Covid-19 pandemic. This is both the risk for the presentation of LKPP, LKKL, and LKBUN in 2020, as well as the risk of fraud that may occur in the implementation of each policy.

“Each audit team needs to develop adequate strategies and procedures for auditing each identified risk. This includes optimizing the use of information technology in the audit process,” said Agung.

Agung also recalled several significant problems from LKPP 2019. These were problems related to budget allocation for land acquisition for national strategic projects at financing ac-

count, problems regarding permanent investment in PT Asuransi Jiwasraya (Persero) and PT ASABRI (Persero), problems regarding long-term liabilities for the pension program, and problems regarding asset management stemming from the management of Bank Indonesia Liquidity Assistance (BLBI).

In addition, problems regarding control weaknesses in the administration of tax receivables at the Directorate General of Taxes and the Directorate General of Customs and Excise, also issues regarding the management and accountability of the Oil Palm Plantation Rejuvenation Assistance Fund (PPKS).

Agung also asked the audit team to carry out an in-depth analysis of the completion of the follow-up recommendations, and identify risks that might occur in LKPP, LKKL, and LKBUN for each of the problems above.

Especially for the presentation of financial reports from the Ministry of Social Affairs, the National Disaster Management Agency (BNPB), the Ministry of Health, and those with a sizable





■ Vice Chairman of BPK, Agus Joko Pramono



**Through the application of information technology and the use of big data analytics, BPK is expected to have a State Financial Analysis Center and BPK becoming an institution that has the most complete and accurate data and information related to state finances.**

budget, such as the Ministry of Defense. Agung conveyed that the audit of LKPP, LKKL, and LKBUN has very high complexity because it involves many audit teams from all Directorate General of Audits (AKN). Therefore, all work units and audit teams are asked to carry out intensive communication and coordination, especially related to cross-AKN issues and to overcome all obstacles during the audit process.

“The success of this audit will very much

depend on cooperation among the audit teams. Therefore, we ask that we collaborate and synergize by prioritizing BPK’s interests, to create a strong and trusted BPK, in the interests of the nation and state,” said Agung.

Meanwhile, Vice Chairman of BPK, Agus Joko Pramono, asked all BPK personnel to support digital transformation as well as the development and utilization of big data analytics. Agus said, all levels and working units of BPK are expected to carry out synergy and collaboration, among others by paying attention to mapping and sharing data between work units, increasing the effectiveness of the MoU, and/or strengthening the legal framework for electronic data access, as well as increasing competency in data analytics techniques.

Furthermore, it is expected that there will be infrastructure development in accordance with the needs and/or one data policy, software preparation, including user access level policies, and cooperation with Ministries/Institutions and Universities.

“Through the application of information technology and the use of big data analytics, BPK is expected to have a State Financial Analysis Center and BPK becoming an institution that has the most complete and accurate data and information related to state finances,” said Agus. ●

## STRENGTHEN AUDIT WITH BIG DATA ANALYTICS

BPK must be agile in responding to a very dynamic situation and challenges by becoming an increasingly resilient and creative organization.



■ BPK Chairman Agung Firman Sampurna

**T**he Audit Board of the Republic of Indonesia (BPK) welcomes digital transformation by implementing big data analytics in the audit of state finance. This became an important focus in the 2020 BPK Working Meeting (Raker) for all Implementing Units held on 7-8 December 2020. The meeting carried a theme "Achieving a Resilient and Trusted BPK in Facing New Challenges".

BPK Chairman Agung Firman Sampurna stated that big data is very important in today's development. "Borrowing a term used by entrepreneurs, big data is part of our 'game changer'. It will give a huge influence to BPK's performance as a public organization," Agung said to *Warta Pemeriksa* on Wednesday (13/1).

He asserted that to deal with the ever-increasing issues and workload every year, BPK needs a digital transformation. In this transformation, big data analytics plays an essential part.

In auditing the management of state finance in Covid-19 pandemic handling, all information can be structurally arranged to help auditors analyze risks and the required

testing methods.

Agung said, BPK now faces challenges of uncertainties. Therefore, Agung assessed, BPK must be agile in responding to a very dynamic situation and challenges by becoming an increasingly resilient and creative organization.

"We need BPK that is resilient, creative, flexible and agile all at the same time in dealing with any situations," he said.

According to him, the whole world is now facing an era of volatility, uncertainty, complexity and ambiguity (VUCA). Thus, BPK needs to possess the ability to respond to these challenges. Agung said, one important thing that BPK holds on to is INTOSAI P-12 the Value and Benefits of Supreme Audit Institutions.

"BPK does not only carry out oversight function by conducting audits, but we must also provide benefits to stakeholders," Agung stated.

With these challenges, according to Agung, BPK must be able to well-prepare the organization, both institutionally and individually. BPK must be resilient, adaptive, and accelerative.

One initiative that BPK has implemented in responding to the pandemic is immediately drafting an audit guideline in the time of pandemic, Agung told. The guideline contains alternative testing methods so BPK could still perform its duties in good quality.

Agung explained, there are three layers of work in big data analytics. First, operational layer, in which audits are carried out at multiple points, before going into to consolidation layer.

"So similar items will be consolidated. For example, related to social assistance, what is the figure? What are the achievements? How is the compliance? It will be illustrated there," said Agung.

Then, in analytics layer, all those data will be presented in an intelligent dashboard. "It's so exciting because a visual will be immediately created, a graphic. We can directly tell which team is doing what. We need to urgently develop this," he said.

Big data analytics will be one of BPK's efforts in building data literacy and proficiency. It is expected that data culture can be formed in BPK in the future.

When this is established, BPK will then transform into a data driven organization, Agung added.

"When we become a data driven organization, BPK will be at the analytics driven layer. The next step would be to become an intelligent driven organization, and that is where we are heading," Agung stated.

BPK Vice Chairman Agus Joko Pramono stated that the 2020 BPK Working Meeting (Raker) for all Implementing Units is very important as a means of reflection and evaluation of performance achievements in 2020, especially in pandemic situation. Agus said, this momentum can be used to identify and



■ BPK Vice Chairman Agus Joko Pramono

agree on strategic audit and other institutional activities for the audit work plan in 2021 and beyond.

"BPK Implementing Units should consider the strategies determined in the BPK

## BPK Viewpoints for the Government of Indonesia

**D**uring its 74th Anniversary, the Audit Board of the Republic of Indonesia (BPK) submitted two viewpoints related to the Implementation of National Health Insurance and the Special Autonomy Program for Papua and West Papua to the Government of Indonesia. This is pursuant to Article 11 letter a of Law Number 15 of 2006 concerning BPK, which states that BPK can provide viewpoints to the House of Representatives (DPR), House of Regional Representatives (DPD), Regional Legislative Council (DPRD), Central/Local Governments, Other State Institutions, Central Bank (Bank Indonesia), State/Local-Owned Enterprises, Public Service Bodies, Foundations, and other institutions or bodies, in which due to the nature of its work is needed.



**This kind of foresight contribution will be the first of its kind in the history of BPK.**

The viewpoints given by BPK include improvements in the areas of income, expenditure, and other fields related to the management and accountability of state finance. The provision of viewpoints is part of the role of insight and/or foresight, which is to provide inputs/opinions for improving state financial management. However, this does not

eliminate BPK's oversight role to ensure good state financial management and compliance to laws and regulations by the government.

According to BPK Chair Agung Firman Sampurna, BPK Viewpoint is an input to the government. "Although it is BPK's anniversary, but we are happy to offer these Opinions to our government," he said.

Agung stated, providing overview is a part of BPK's insight role. In addition to oversight role through audit works, BPK also plays a foresight role

Strategic Plan as a strategic living document which must be continuously updated due to the dynamic environmental changes occurring every year," Agus instructed.

With regards to big data analytics, Agus said that it is a part of the efforts to improve audit quality in a strategic, anticipatory and responsive manner. The strategy began in 2020 with the

application of big data analytics in Covid-19 related audit.

"We are trying to capture the existing baseline in 2020 and build up a sufficient data foundation," he told.

In the end, BPK will be a Center for State Financial Analysis, an organization whose work is based on data, Agus concluded. ●



through policy scenarios, or how a supreme audit institution can provide policy options in respect of the future that stakeholders expect.

"In relation to Covid-19, we will launch a report called Indonesia Remake by Covid-19: Scenarios for Resilience Leader," he told.

In preparing this report, BPK plans to involve external parties such as Bank of Indonesia and Ministry of Finance. Furthermore, BPK will also invite various economists and practitioners to capture the available options in the future and the required actions in carrying out these options. "This kind of foresight contribution will be the first of its kind in the history of BPK," Agung said.

This year, BPK will also update the State Financial Audit Standards, one of the main guidelines in BPK audits. One of the updates made was related to the preparation of audit manual for infrastructure projects.

"Thus, we will have a more standardized plan-

ning, methods, and procedures of infrastructure audit from Sabang to Merauke, from Miangas to Rote Island, from Audit IV, V and VI," he remarked.

BPK will carry out a thematic audit on National Priority 1 related to efforts to strengthen economic resilience for quality and equitable growth, as well as National Priority 3, which focuses on enhancing qualified and competent human resource.

Further, BPK will also conduct localized thematic audits on public services, regional fiscal independence, and waste management.

"BPK will also conduct an audit of the regional elections (Pilkada) which have been held simultaneously throughout the country," Agung added.

As part of the few SAI pioneers in conducting audits on the implementation of Sustainable Development Goals (SDGs), BPK will also carry out an audit in this topic this year. Especially when efforts of achieving SDGs targets are facing great challenges due to the Covid-19 pandemic. ●

## BPK'S VIEWPOINT STRENGTHENS ITS FORESIGHT ROLE

One of the important duties of the state is ensuring the health services provided to the public.

**T**he Audit Board of the Republic of Indonesia (BPK) continues to strive increasing its role from oversight and insight to foresight. This is in line with the enactment of BPK's Strategic Plan (Renstra) for 2020-2024 which raising the BPK's vision of "To Be a Trusted Audit Institution that Plays an Active Role in Fostering State Finance with High-Quality and Useful Financial Governance to Achieve State Objectives". Along with that, the BPK will also transform digitally towards BPK 4.0.

"This role is very important to represent the significance of BPK in maintaining and improving the quality of state financial governance in accordance with INTOSAI Principle 12, namely Value and Benefits of Supreme Audit Institutions-Making Difference of the Lives of Citizens or the Value and Benefits of State Audit Institutions that make social life, a better nation and state," said BPK Chairman, Agung Firman Sampurna in his remarks at the BPK 74th Anniversary Commemoration Ceremony on Tuesday (19/1).

According to Agung, BPK continues to complement the role of oversight through BPK audits and further strengthens the role of insight by providing its viewpoint on improving state financial governance systemically.

Coinciding with BPK's 74th Anniversary, BPK provided its viewpoint on the Management of the Implementation of the Social Health Insurance Program.

"BPK concerns and supports the achievement of state goals in ensuring and fulfilling the basic needs of a decent life in health sector for all Indonesian people. BPK's viewpoint will promote strengthening the strategic aspects and improving the systemic governance of social health insurance program," said Agung.

Then, the BPK also provided its viewpoint on the Management of the Special Autonomy Fund (Otsus) in Papua and West Papua Provinces. "BPK supports the



■ BPK Chairman and Board Member I, after submitting the BPK Opinion to the President.



**BPK continues to complement the role of oversight through BPK audits and further strengthens the role of insight by providing its viewpoint on improving state financial governance systemically.**

sustainability of the special autonomy program which will end this year, by providing insights to increase the effectiveness of achieving the special autonomy program goals in the future," he said.

BPK Board Member VI Harry Azhar Azis said that BPJS Kesehatan (Healthcare and Social Security Agency), as the organizer of the National Health Insurance Program (JKN), needs to improve community services through health facilities and improve the financial management of the Social Social Security Fund (DJS) of Health.

"The government has compiled the 2012-2019 JKN (National health insurance) Road Map by setting eight targets to be achieved in 2019. However, these targets have not been fully achieved," said Harry.

Harry said that the BPK had preserve the JKN map by conducting a performance audit and a special-purpose audit. However, the problems identified have not yet been resolved. BPK also found repeated findings, such as those relating to funding and the validity of membership data.

For this reason, BPK provides its viewpoint on the management of JKN program as an alternative solution for government to improve public health services. The BPK's viewpoint contains the results of a study on the aspects of JKN program membership, service and funding that affect its the inadequate management.

Harry said the success of the JKN program is not only in the hands of BPJS Kesehatan and the Ministry of Health. According to him, this requires the involvement of various stakeholders, such as other ministries/agencies, local governments and private institutions.

"The government has been in the process of completing BPK's recommendations. However, considering the problems expressed by BPK require cross-sectoral coordination, this requires more contribution from stakeholders," said Harry.

Harry said that BPJS Kesehatan currently already has significant capital with an IDR 18.7 trillion cash flow surplus in 2020. According to Harry, the management of BPJS Kesehatan should then be able to figure out the points to make them improved.

Harry revealed that one of the important duties of the state is to ensure that health services are provided to the public. "Not even an Indonesian citizen who gets sick later because of a lack of money will be left to die," said Harry.

BPK also provided its viewpoint on the management of the Special Autonomy Fund (Otsus) in the



■ BPK Board Member VI, Harry Azhar Azis



**Considering the problems expressed by BPK require cross-sectoral coordination, this requires more contribution from stakeholders.**



■ ISBN 978-602-60809-5-0



■ ISBN 978-602-60809-6-7

provinces of Papua and West Papua. Harry said that the Special Autonomy in Papua and West Papua would end this year. One of BPK's viewpoint is proposing the Government to continue to implement the Special Autonomy of Papua and West Papua.

"When we refer to the welfare indicators perspective such as the Human Development Index (HDI), Gini ratio, unemployment rate, and poverty rate in Papua, they are still high compared to the Indonesian average," said Harry.

Even though the program continues, according to Harry, it is necessary to improve the implementation of Otsus program to increase its impact on the people of Papua and West Papua. Harry conveyed that several problems in Papua must be highlighted in the Special Autonomy Program, such as the development of infrastructure and the improvement of the quality of human resources (HR).

He said that the cost of transport in Papua is very high due to limited infrastructure. "We consider infrastructure to be a strategic sector to be enhanced by special autonomy funds," he said.

In addition, BPK also see that the government should set up a Work Training Center (Balai Latihan Kerja - BLK) to produce skilled workers to address the needs of workers in the physical infrastructure sector, in particular road and bridge transport infrastructure, and gradually develop it in other fields, including education and health.

Harry said that this initiative is also in line with the Indonesian policy on the education sector that emphasize the vocational education. Harry believes that increasing human capital is going to be more important than just spending money on capital. Harry also believes that adequate skills and education will provide the welfare of the community.

"The average level of welfare increases along with the skills of the population," said Harry. ●

## CONCURRENT AND SYSTEMATIC FINANCIAL AUDIT

BPK assures the quality of audit result is maintained by putting in place alternative audit procedures during COVID-19 pandemic.



■ Akhsanul Khaq

**T**he Audit Board of the Republic of Indonesia (BPK) has started financial audits on the Financial Report of Central Government (LKPP), Financial Report of Line Ministries (LKKL), Financial Report of Local Governments (LKPD), and Financial Report of State General Treasurer (LK BUN) for fiscal year 2020. Unlike the previous year, the audits are not only carried out simultaneously, but also systematically by the entire audit units

in BPK. BPK assures the quality of audit result is maintained by putting in place alternative audit procedures during COVID-19 pandemic.

Director General of Audit V Akhsanul Khaq explains that financial audits are usually carried out simultaneously. However, this year the audits are being conducted systematically. As an example, in LKPP working group there is a particular team handling issues related to LKPP and LKPD.

With this particular team, Audit II as the

leading sector in LKPP audit always coordinate with Audit V and Audit VI regarding several issues, such as grants and transfers to local governments. "So, now it is being implemented systematically in order to link LKPP audit to LKPD audit," said Akhsanul to *Warta Pemeriksa*, Friday(5/3).

With regard to audit procedures, Akhsanul stated that BPK had issued a technical guideline (juknis) through BPK Decree Number 4/2020. It basically sets out the principles in maintaining audit quality.

He further explained, the current situation with COVID-19 pandemic demands new methods in auditing. Activities which are usually conducted face-to-face are now held virtually, including entry meetings. According to Akhsanul, it brings its own benefit: entry meeting can now be attended by several entities at once.

Field audit can also be done virtually, Akhsanul added. In assessing building assets, for example, auditors can utilize GPS to ascertain the building location. Auditors can also make video calls with the auditee to virtually see the building. "The auditee can enter the building and show us the rooms

through video call," he said.

However, not all field audit can be performed virtually; some still demands a direct checks. As such is the audit to measure road quality.

Akhsanul ensured that the alternative procedures applied have no effect to the materiality aspect because audits are still conducted based on State Financial Audit Standards (SPKN). BPK must still have sufficient assurance on whether or not the audited financial statements have been fairly presented.

"This means that the matter of materiality must still be considered, even during the pandemic. Financial audit assesses four things: compliance to Government Accounting Standards (SAP), adequacy of closure, effectiveness of Internal Control System (SPI) and compliance with laws and regulations," he elaborated.

BPK makes sure to maintain its audit quality. Quality assurance and quality control are still proceeded in a number of ways, one of which is through an application called SiAP or Auditing Application System. SiAP is a form of digitizing audit documents, Akhsanul explained. Audit paperwork previously in hard copies are digitized and can be accessed by team members, team leader, supervisor to auditor in charge.

Through this application, audit can be properly monitored. "With SiAP, we know which procedures have been implemented and which have not. If there is a physical/field audit that has not been done, we can give immediate instructions to auditors," Akhsanul stated.

Thus, the COVID-19 pandemic does not decrease the quality of BPK's audit results, Akhsanul highlighted. "By utilizing IT and information systems developed in BPK, we still can optimally perform QC and QA during the pandemic. The quality of our audit results is maintained and guaranteed," he concluded. ●



**By utilizing IT and information systems developed in BPK, we still can optimally perform QC and QA during the pandemic. The quality of our audit results is maintained and guaranteed.**

## MINISTRY OF HOME AFFAIRS: SIPD (LOCAL GOVERNMENT INFORMATION SYSTEM) SUPPORTS THE IMPROVEMENT OF REGIONAL FINANCIAL ACCOUNTABILITY

SIPD (Regional Government Information System) will ensure the preparation of Local Government Budget (APBD) is in line with Local Government Work Plan (RKPD).

The Ministry of Home Affairs (Kemendagri) hopes that all parties can support the use of Local Government Information System (SIPD). Mochamad Ardian, Director General of Regional Finance Development at the Ministry of Home Affairs, stated that SIPD would support to make government administration more effective, efficient, and accountable by leveraging information and communication technology.

“One of SIPD’s goals is to make the APBD more transparent,” Ardian told to *Warta Pemeriksa* on Monday (8/3). SIPD was introduced in October 2019. This online-based system is an information system that includes regional development planning systems, regional financial systems, and other regional government systems, such as the regional government guidance and supervision system.

Ardian conveyed that SIPD is a mandate of Article 391 of Law (UU) Number 23 of 2014 concerning Regional Government. The procedure requires local governments (Pemda) to provide information on regional development and regional financial information. Then, the information is managed in a local government information system (SIPD).

Then, the technical rules regarding SIPD were enacted through Government Regulation (PP) Number 12 of 2019 concerning Regional Financial Management and Regulation of the Minister of Home Affairs (Permendagri) Number 70 of 2019 concerning Local Government Information Systems.

In the previous regulations, namely Permendagri Number 13 of 2006, the Ministry of Home Affairs restricted local governments in formulating program activities. However, with regulatory changes through Permendagri Number 59 of 2007,



Hopefully, in the future, BPK auditors will not have to visit regional government offices to request data. Everything is available directly at SIPD.

local governments are given the freedom to make lists and program activities. “Finally, there are a lot of activity programs that were coming from regional government, as well as the details of regional government objects that ultimately differ in each regional government,” Ardian said.

Meanwhile, Law 23/2014 established a mandate or description of matters under the jurisdiction of local government. Therefore, according to Ardian, the head of the regional work unit (SKPD) is not allowed to produce activities but only to choose activities under Law 23/2014.

Ardian admitted that the presence of SIPD derivative regulations was relatively late. As a result of the necessity factors, the local government created a number of activity programs. The issue raised is that it does not refer to the rules required by Law 23/2014.

“It is not surprising that previously many regional authorities crossed authority and cause duplicative or overlapping with other regional governments or even the central government,” Ardian explained.

So, Ardian said, SIPD was enacted to regulate local government business processes that are still not in accordance with the law. This is because local governments create their own programs or applications. Ardian said that SIPD will ensure that the preparation of the Regional Revenue and



■ Mochamad Ardian

Local Government Budget (APBD) is in line with the Local Government Work Plan (RKPD). According to Ardian, with a program system that can be modified on its own, there is still a mismatch between planning and budgeting, according to a study by the Corruption Eradication Commission (KPK).

However, Ardian admitted that not all local governments were immediately ready to implement SIPD. This is due to a variety of factors, including habits or user management. "They were used to using their own applications, but now they are requested to supply the data. This becomes another issue then" Ardian stated.

Ardian said that the Ministry of Home Affairs found that the APBN and APBD allocations from 2016 to 2019 for the development of such applications reached IDR 12.7 trillion. According to Ardian, the funds are relatively large, so the local government should be able to use SIPD to increase efficiency.

While Ardian encouraged local governments to use SIPD, he did not forbid them from using other applications. However, Ardian emphasized that local governments must continue to record their data in SIPD due to data requirements.

"You may use other applications outside of SIPD but please record them into SIPD after the local government has made a transaction. Because this is the mandate of the law," he said.

SIPD is also intended to keep up with the most recent policy developments. He gave the example of SIPD being ready when the Community Activity Restriction (PPKM) was implemented. Local governments can automatically find these

activities in the system.

Ardian stated that the Ministry of Home Affairs continues to provide local governments with socialization and education on the use of SIPD. Though, the Covid-19 pandemic is a major issue because education cannot be carried out directly.

"But that doesn't mean we don't teach. Education is still done virtually, or we assist on a case-by-case basis, or there are local governments who directly visit to Ministry of Home Affairs" Ardian stated.

He stated that the Ministry of Home Affairs also required the support of various parties in order to successfully implement SIPD. One of them is assistance from the National Government Internal Auditor of Indonesia (BPKP). According to Ardian, the Directorate General of Regional Finance at the Ministry of Home Affairs employs only 233 people. In the meantime, Indonesia has 542 local governments. The Ministry of Home Affairs also hopes that BPKP, which has regional representatives, will be able to support local governments with SIPD. "In order to make it run efficiently," Ardian explained.

According to Ardian, there are numerous advantages to using SIPD. Local government spending behavior, according to Ardian, can be better controlled with a centralized system. "We're attempting to put together a business process that complies with regulations so that local governments are familiar with and can transact with existing regulations," he explained.

Based on his experience evaluating the APBD's implementation, he believes there are several opportunities for fraud. "It's as if I'm in a dark room with my eyes closed when I evaluate the APBD. As a result, it is not surprising that there are attempts at fraud from individuals within or outside of local government who take advantage of this dark space" Ardian stated.

He thinks of the APBD one day resembling a transparent and bright aquarium. Everyone can see it, but no one dares to touch it. Because fingerprints are left on the glass when you touch it. "The APBD must be designed in this manner, like an aquarium, so that people who attempt to commit fraud will think twice," he said.

Ardian hopes that a more open system will improve regional financial accountability. "Hopefully, in the future, BPK auditors will not have to visit regional government offices to request data. Everything is available directly at SIPD," Ardian stated. ●

## BPKP PROPOSES TO IMPLEMENT SIPD IN STAGES

The development of an information system needs to be done by mitigating all risks, so that its implementation does not interfere with existing business processes.

Indonesia's National Government Internal Auditor (BPKP) supports the implementation of the Local Government Information System (SIPD) launched by the Ministry of Home Affairs (Kemendagri). Deputy Head of BPKP for the Supervision of Regional Financial Implementation, Dadang Kurnia, suggested that the implementation of the digital-based information system should be carried out gradually, by mitigating all risks.

As a relatively new application introduced to local governments, SIPD still presents a number of technical obstacles. According to Dadang, for local governments can continue to carry out regional financial management, BPKP will assist by implementing the Regional Management Information System (SIMDA) which has already been developed.

"Because the regional financial management does not work, it will interfere with the running of government and development in the regions," said Dadang to the *Warta Pemriksa*, Friday (5/3). Dadang said that BPKP has also coordinated with the Ministry of Home Affairs in developing SIPD. According to BPKP, information system development needs to be carried out through a process of testing, piloting, implementation in stages, until finally when it is stable, the system can be fully utilized.

Regarding the development of an online-based local government information system, BPKP has also introduced the SIMDA application. SIMDA development is carried out through a long process and is in accordance with regulatory changes. SIMDA is used by local governments to manage finances and performance, from planning, budgeting, administration, reporting, and performance. BPKP builds



■ Dadang Kurnia

SIMDA to help not only the local government, but also other stakeholders such as the Ministry of Finance, the National Public Procurement Agency (LKPP), the Ministry of Home Affairs, including the Audit Board of the Republic of Indonesia (BPK) when they are going to conduct an e-audit.

The information system built by BPKP covers every aspect from planning to performance management. Dadang said, of the 542 local governments throughout Indonesia, there were 485 regional governments that received the Unqualified Opinion (WTP) for the 2019 Fiscal Year from BPK. Of that number, as many as 395 local governments or 81.44 percent are SIMDA users.

At the end of December 2020, SIMDA Finance users for 2020 financial management reached 396 local governments. In line with the obligation of local governments to use SIPD, SIMDA utilization will decline in 2021. However, due to problems in budgeting and financial administration, 327 regional governments continue to implement SIMDA Finance to date.

The SIMDA application is built with consideration of the principles of an electronic-based government system (SPBE) as regulated in Presidential Decree Number 95 of 2018. Dadang explained that each SIMDA application is connected to one another. The work process considers efficiency so that the output produced by an application with one data can be used by other applications.

He illustrated, the output of SIMDA Planning is used for budgeting in SIMDA Finance and performance planning in SIMDA SAKIP. The results of the depreciation calculation in SIMDA BMD are used for accounting at SIMDA Finance. Meanwhile, data input in SIMDA Revenue can be used for SIMDA Finance related to regional income.

SIMDA Finance is also connected or has interoperability with other information systems developed by ministries / institutions. For example, the Regional Budget (APBD) data in the SIMDA Finance, is used by SIKD DJPK of the Ministry of Finance, and SIRUP LKPP. Tax data in SIMDA Finance is used by Directorate General of Tax (DJP) for monitoring of taxes collected and paid by local governments from APBD funds. Then, the Duty on Land and Building Right Acquisition (BPHTB) repayment data in the Income SIMDA is used by the BPHTB BPN application to validate the certificate processing. In addition, administrative data, especially payments, are linked to banking applications for cash management systems (CMS) and non-cash payments.

The interconnection between these information systems is very important so that there is a checking and controlling scheme. "This includes, when the CMS is connected, ability to digitally trace who gave the authorization" he said.

Dadang emphasized that BPKP's purpose in developing SIMDA is to strengthen the internal control system (SPI). With the implementation of a digital-based information system, all transactions will be controlled by the system. SIMDA has also assis-



**Because the regional financial management does not work, it will interfere with the running of government and development in the regions.**

ted BPK in carrying out online-based audits or e-audits. According to Dadang, financial transaction audits can also be carried out through SIMDA.

Dadang conveyed that all SIMDA operations are carried out by users, namely the local government. BPKP will provide assistance if technical guidance is needed or there is difficulty in operation. Dadang said that the concept of SIPD and SIMDA integration has been built into applications related to planning. So, local governments can use SIMDA Planning, SIPD, or other applications which data are then pulled into SIPD Planning. However, this method was discontinued and shifted to a centralized application. This centralized application made the Ministry of Home Affairs burdened with high amounts of local government's transaction data.

"So, SIPD or the National Financial and Development Information System (SIKP) managed by the Ministry of Home Affairs and SIPD or Regional SIKP can be built, which are the information system developed by local governments," he said.

The Ministry of Home Affairs can retrieve predetermined data periodically and incidentally as needed. Thus, the Ministry of Home Affairs can still obtain local government information needs whenever it is needed, but transaction data is still owned and is the responsibility of the local government.

"This concept is very much in accordance with the concept of regional autonomy, encouraging regions to take responsibility for the management of information systems, and also considering regional communication networks," said Dadang. ●

## REVIEW ON FISCAL DECENTRALIZATION IS CRUCIAL FOR LOCAL PROGRESS

Deputy Governor of Bank Indonesia Dody Budi Waluyo assessed that BPK's review report on the fiscal decentralization of local governments is valuable for stakeholders.

The Audit Board of the Republic of Indonesia (BPK) continues to strive added value through its audits. In addition to assessing local financial governance, since last year BPK has issued review reports on the fiscal decentralization of local governments for FY 2018 and 2019.

Bank Indonesia (BI) appreciated BPK's move in calling its attention to fiscal decentralization of local governments. According to BI Deputy Governor Dody Budi Waluyo, BPK's review report on the fiscal decentralization is valuable for stakeholders. Local fiscal condition is very important to observe for it is closely related to economic growth and investment.

Dody acknowledged that BPK is an institution that is very capable of conducting reviews. Not to mention BPK's ability to get access to institutions' granular data. "We see the review of fiscal decentralization as a form of BPK's attention in capturing an existing issue in this country. We welcome and appreciate this initiative," Dody stated to *Warta Pemeriksa* on

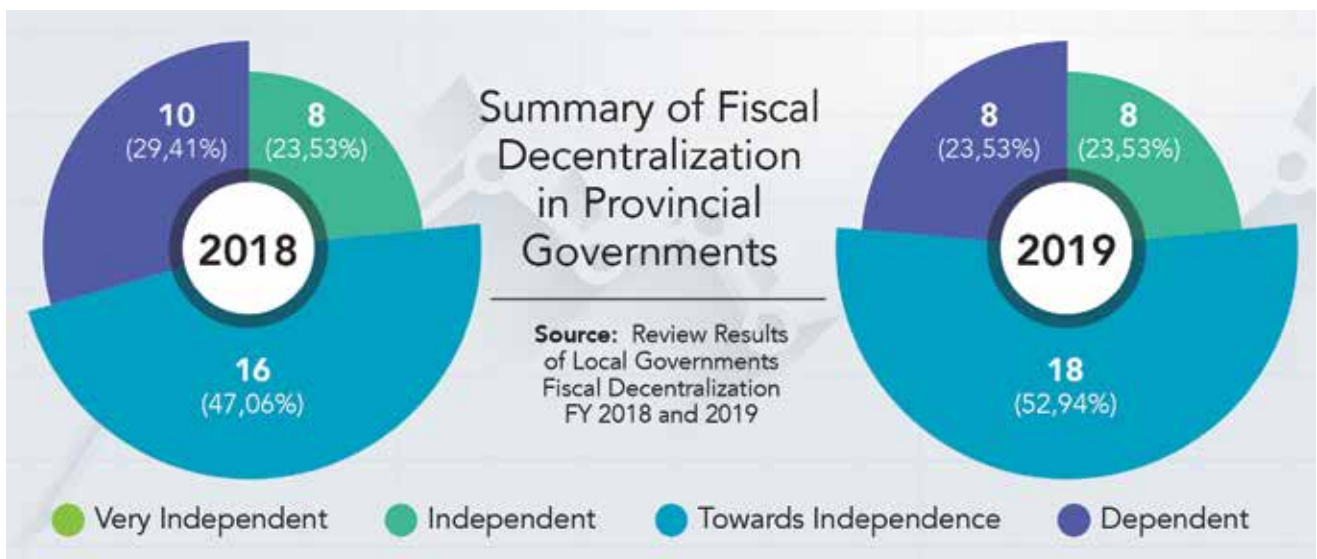
Friday (12/3).

According to him, fiscal decentralization is an issue that is considered urgent for both central and local governments. BI also needs information on local fiscal because fiscal is an important policy instrument in promoting economic growth, redistribution of budget allocations and inclusiveness of budget use.

"Fiscal decentralization provides a kind of stability to our economy, which incidentally is the main task of BI. So not only for central and local governments, this review result is also very valuable for us. In fact, several other institutions outside public entities, such as financial institutions and international rating agencies would also need this information in the context of encouraging investment," explained Dody.

He hopes BPK's observation to fiscal decentralization does not stop at whether or not a region is independent. BPK also needs to provide recommendations on what local governments must to to increase fiscal independence.

BPK is currently using fiscal decentralization as a part of adequacy of information disclosure





**Fiscal decentralization is not the sole responsible of local governments. It is a collaborative efforts between central and local government, and both parties need to acknowledge that fiscal condition is crucial to leverage inclusive local economic growth.**

in the Financial Report of Central Government (LKPP). The goal is to be a consideration for government and stakeholders in analyzing the correlation between fiscal decentralization to local autonomy as well as public service in the regions. This review was conducted by BPK in relation with local autonomy having been in place for more than 20 years.

Therefore, BPK took the initiative to assess the Fiscal Decentralization Index (IKF) FY 2018 and 2019 as part of its fiscal decentralization review. IKF ranges from 0 to 1. IKF of 0 means that all expenditures are financed by intergovernmental transfers and none by local revenues (PAD). Meanwhile, IKF of 1 means that all expenditures are able to be financed by PAD and none by intergovernmental transfers. The lower the IKF, the less independent the local government's fiscal is. The higher the IKF, the more independent the local fiscal is. Fiscal decentralization is categorized as "Dependent", "Towards Independence", "Independent", and "Very Independent".

Results of the review on fiscal decentralization showed that most local governments are still dependent to the central government. From 542 local governments assessed, only one achieved the level of "Very Independent", which is Badung district in the Province of Bali with IKF of 0.8347. The IKF means that 83.47 percent of its expenditures were financed by local revenues.

Based on the Review Report on the Fiscal Decentralization of Local Governments FY 2018 and 2019, there were 10 out of 34 provincial governments that were still dependent in FY 2018. The number decreased to 8 provincial governments in 2019. Whereas for district/city level, there were 471 out of 508 district/city governments that were still dependent in 2018. The number decreased to 458 districts/cities in 2019.



■ Dody Budi Waluyo

From these districts/cities, there were at least 102 out of 458 regions with IKF below 0.05. The index means that these regions were very dependent to central transfers, since local revenues could only fund 5 percent of local expenditure.

On a brighter side, in 2018 there were 16 provinces that were categorized "towards independence" and 18 provinces in 2019. Still on the same category, there were 34 districts/cities in 2018 and 36 in 2019. While for "Dependent" category, there were 8 provincial and 2 city governments in both 2018 and 2019.

Dody mentioned that since fiscal decentralization policy was introduced, the amount of intragovernmental transfers to local governments has increased over the years. In the 2021 State Budget, the amount for intergovernmental transfers and village funds (TKDD) reaches Rp800 trillion or around 30 percent of total APBN expenditure.

Intergovernmental transfers from central to local governments surely have significant role in complementing local government funding sources. However, Dody believed that fiscal decentralization of a region must be seen from another perspective, not only comparing local revenues with intergovernmental transfers.

It is because there funds that actually regional-sourced but centrally managed then transferred back to the region, such as revenue sharing funds (DBH) for natural resources (SDA) and DBH from taxes.

“As a consequence, regions with natural resources may receive large DBH transfers. However, BI is of the same opinion with BPK that in the end local revenues must be continuously pursued and sought after as a source of funding for local independence,” Dody explained.

He added that fiscal decentralization also depends on the characteristic of local economy. Regions with great economy will automatically be fiscally independent, and vice versa. Infrastructure also plays a role because infrastructure is an important means of support for economic growth.

“Therefore, fiscal decentralization is not the sole responsible of local governments. It is a collaborative efforts between central and local government, and both parties need to acknowledge that fiscal condition is crucial to leverage inclusive local economic growth,” he stated.

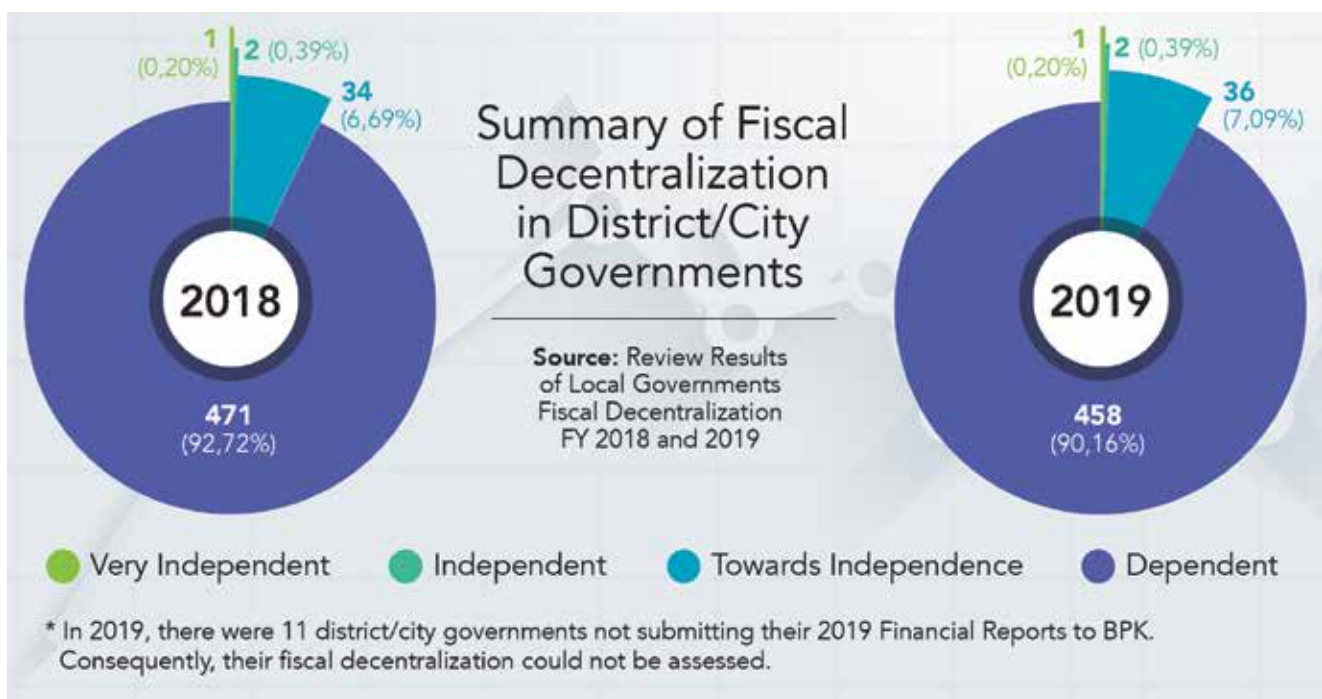
He further elaborated that BI has been providing assistance to local governments on increasing economic performance. During the pandemic, BI jointly with local governments has been mapping producti-

ve economic sectors to support. He once again emphasized that fiscal decentralization is closely related to economic growth and investment. “When a region is fiscally independent, its economy and investment can grow quickly,” he gave an example.

Concluding his conversation with Warta Pemeriksa, Dody mentioned three things on fiscal management that local governments need to pay attention to. One, fiscal must be effectively managed. Fiscal instruments must be able to provide optimal benefits for economic growth. To achieve this, local government must be able to allocate expenditure items that can drive the economy.

Second, fiscal must be efficiently managed. Local Budget and even State Budget have limited funds. Thus, expenditure incurred must be done with the lowest possible cost and human resources. In this regard, BI and Ministry of Finance have collaborated to intensify electrification of local government transactions. “The distribution of social assistance is also carried out electronically. This is the efficiency that we believe will increase local fiscal capacity,” he said.

The last thing to consider is governance. Good governance will increase investor confidence, he stressed. “Investors will certainly consider various macroeconomic factors, including local fiscal.” ●





AUDIT BOARD OF THE  
REPUBLIC OF INDONESIA

Now Available!

**e-PPID**

Requests for information  
and filing complaints  
become easier.



**e-ppid.bpk.go.id**

## IMPROVING THE ACCURACY OF SUBSIDY EXPENDITURE

There are seven problems of non-compliance with statutory provisions amounting to Rp18.66 billion.

**T**he Audit Board of the Republic of Indonesia (BPK) revealed 15 findings containing 26 problems in the audit related to the management of 2019 subsidy expenditure in three ministries. The problem of inaccuracy in the distribution of subsidies is still an issue that must be addressed by the budget user proxy (KPA).

An audit of the management of subsidy expenditure was carried out to support the audit of the 2019 State General Treasurer (LKBUN) Financial Statements in the first semester of 2020. The audit was carried out on the Ministry of Agriculture regarding the management of fertilizer subsidy expenditure, and the Ministry of Public Works and Public Housing (PUPR) related to the management of housing credit interest subsidy expenditure, and housing down payment assis-

tance subsidies expenditure. An audit was also carried out on the Ministry of Cooperatives for Small and Medium Enterprises (KUKM) regarding the management of subsidy expenditure for guarantee services and interest subsidy for people's business loans (KUR).

In the Summary of Audit Report for Semester I 2020, there are 26 problems found by BPK included 17 weaknesses in the internal control system, seven non-compliance with statutory provisions amounting to Rp18,66 billion, and two problems related to ineffectiveness. The audit results concluded that the management of subsidy expenditure at the three KPAs had been implemented according to the criteria with the exception of several problems. This conclusion is based on the problem of weaknesses in internal control, non-compliance with statutory provisions, as well as 3E aspects (economics, efficien-



depkop.go.id



twitter.com/KemenPU

cy and effectiveness).

With regard to the audit of the management of the KUR interest subsidy at the Ministry of KUKM, there were 2,265 debtors who received not only the KUR interest subsidy but also revolving funds from the Revolving Funds Distribution Institution (LPDB). "This causes a potential of Rp5.79 billion KUR interest subsidies not distributed to the targeted recipients," according to BPK in IHPS I 2020.

On this matter, BPK recommended that the Ministry of KUKM and LPDB carry out periodic reconciliation. This reconciliation needs to be done to anticipate overlap in the KUR distribution and LPDB distribution.

In terms of fertilizer subsidy expenditure, the Ministry of Agriculture is known not to have a land database to support the need and allocation of subsidized fertilizers. Moreover, the implementation of verification and validation (verval) of the subsidized fertilizers distribution at the sub-district level is inadequate. Also, there was a fertilizer subsidy payment in 2019 as the excess allocation of subsidized fertilizer in 2018 amounting to Rp14.91 billion to PT PIM.

The excess distribution has been used as the initial balance of 2019 so that the payment can be charged in 2019. BPK recommended the Ministry of Agriculture to integrate all existing application systems in the context of planning and budgeting for fertilizer allocation, revising technical guidelines for verification and validation assistance for the distribution of sub-



**This causes a potential of Rp5.79 billion KUR interest subsidies not distributed to the targeted recipients.**



pertanian.go.id

sidized fertilizers, and checking the distribution process of subsidized fertilizer for FY 2019 in all PT PIM work areas.

Meanwhile, at the Ministry of PUPR, it is known that there were weaknesses in the design and implementation of the control system for the housing loan interest subsidy program and housing down payment assistance subsidy. Further, there was an error in calculating the mortgage interest rate (KPR) which resulted in an overpayment of housing loan interest subsidies to the operator bank amounting to Rp18.35 billion.

On this problem, BPK recommended the Minister of PUPR to develop a reliable application system by integrating the entire database system for low-income community debtors, and monitoring the disbursement of subsidy expenditure. BPK also recommended withdrawing the excess payment from the operator bank and depositing it in the state treasury. ●

## BPK REVEALS PROBLEMS OF EXPENDITURE IN THREE MINISTRIES

During the course of the audit, the entities have followed up on BPK's recommendation by depositing Rp5.41 billion to state treasury.



kemenkumham.go.id

In the first semester of 2020, the Audit Board of the Republic of Indonesia (BPK) conducted a special purpose audit on expenditure management of central government for 2019 in three ministries. From the audit, BPK found unreported as well as unutilized expenditures.

The three ministries in subject matter were the Ministry of State Secretariat for the audit on financial management and accountability of Budget Section (BA), the Ministry of Communication and Information for the audit on other expenditure budget, and the Ministry of Law and Human Rights for the audit on budget implementation for goods and capital expenditures for FY 2018 and 2019 at the Secretariat General and the Directorate General of Immigration.

From the audit, BPK concluded that budget management at the three ministries have been implemented according to crite-

ria with exception of several problems. For instance, there were unreported remaining budget of social assistance funds for 2019 presidential activities at the Ministry of State Secretariat.

Furthermore, the utilization of a statement of expenditure responsibility (SPTJP) to control President's social assistance funds in the form of cash money has not been implemented adequately. This results in the financial statement of Budget Section (BA) 999 Presidential Secretariat not reflecting the actual condition, and the unknown suitability and reasonable use of presidential cash-form social assistance funds.

BPK recommends the Ministry of State Secretariat to formulate a policy on the mechanism for managing and recording social assistance funds in the form of goods not directly distributed and/or still remaining after one particular activity. The Ministry is also recommended to establish a mechanism for drafting and signing a statement of expenditure responsibility (SPTJP).

At the audit of the Ministry of Law and Human Rights, BPK found procurements from FY 2019 not yet utilized. These procurements include procurement of data center facilities and infrastructure at the Center for Data and Information Technology (Pusdatin) and procurement of supporting equipment for immigration unit services. This resulted in an indication of waste of Rp22.99 billion. In addition, there was an overpayment of 13 packages of construction work and consulting services worth Rp8.36 billion.

For this issue, BPK recommends the Ministry of Law and Human Rights to optimize the procurement of data center, improve the mechanism for utilizing and distributing procured goods within the Directorate Ge-



**Overall, the results of audit on central government expenditure management revealed 12 findings containing 21 problems.**



kominfo.go.id

neral of Immigration, and withdraw overpayments occurred.

Meanwhile, from the audit on budget management at the Ministry of Communication and Information, there were realizable cost of rental fees for four and six-wheeled vehicles in 11 regions which were not in accordance with the Ministry's Regulation Number 22 of 2013 amounting to Rp3.37 billion. There was also excess calculation of attribution/proportion cost of Rp3.33 billion. As a result, there was an excess of Rp6.70 billion in charges. BPK has recommended the Ministry to withdraw these excess charges and deposit them to state treasury.

Overall, the results of audit on central government expenditure management revealed 12 findings containing 21 problems. These problems include 10 weaknesses in internal control system, 8 non-compliance with statutory provisions amounting to Rp16.20 billion, and 3 problems related to 3E (economy, effectiveness, efficiency) worth Rp22.99 billion. During the course of the audit, the entities have followed up on BPK's recommendation by depositing Rp5.41 billion to state treasury. ●



## GOVERNMENT POTENTIALLY LOSES STATE-OWNED ASSETS (BMN) FROM CONTRACTORS OF COOPERATION CONTRACT (KKKS)

There was an error in the accuracy of BMN recording and reporting originating from KKKS FY 2019 and KKKS BMN reporting which had not included the condition of assets and the status of asset use.



**G**overnment needs to improve the management of state-owned assets (BMN) originating from Contractors of Cooperation Contract (KKKS). Based on the results of BPK's audit, a number of problems have potential to cause the state losing BMN originating from KKKS.

This information was revealed by BPK in the audit report on the management of BMN by KKKS in the Center for State-Owned

Assets Management (PPBMN - Pusat Pengelolaan Barang Milik Negara) of the Ministry of Energy and Mineral Resources and other related agencies, which was completed in the first semester of 2020. The audit was carried out within the framework of an audit of Financial Statements of the State General Treasurer (LKBUN - Laporan Keuangan Bendahara Umum Negara) in Province of DKI Jakarta, Riau and East Kalimantan.

As stated in the Summary of Semester Audit Reports (IHPS) I 2020, the results of

BPK's audit concluded that the management of BMN originating from KKKS at the PPBMN of Ministry of Energy and Mineral Resources has met the criteria with exceptions. Significant problems with weaknesses in internal control and non-compliance with statutory provisions have been identified.

The process of BMN recording originating from KKKS by PPBMN of the Ministry of Energy and Mineral Resources reveals a number of problems, including the reporting of BMN based solely on the detailed list of assets of SKK Migas. Then, the preparation of financial reports and BMN reports did not go through the reconciliation and verification of data, and the recording of BMN was still managed manually.

BPK also found that PPBMN of the Ministry of Energy and Mineral Resources as the Accounting Unit in Proxy of Budget User of State General Treasurer for Special Transaction (UAKPA-BUN TK - Unit Akuntansi Kuasa Pengguna Anggaran Bendahara Umum Negara Transaksi Khusus) and Accounting Unit in Property Management Authority of State General Treasurer (UAKPLB-BUN – Unit Akuntansi Kuasa Pengelola Barang Bendahara Umum Negara) were late in submitting the Financial Statement of BUN TK FY 2019 and the report of BMN KKKS FY 2019.

In addition, the value of the balance recorded in the working papers by PPBMN of Ministry of Energy and Mineral Resources is not synchronized with the figures for asset recapitulation. There was an error in the accuracy of BMN recording and reporting originating from KKKS FY 2019 and KKKS BMN reporting which had not included the status of assets and the use of assets.

"This causes the value of BMN originating from KKKS is not calculated accurately, the land value of eight KKKS with an area difference of 582.03 million square meters cannot be assured its fairness, and BMN originating from KKKS has potential to be lost,"



esdm.go.id

said BPK in IHPS I 2020.

BMN originating in KKKS is known to be tangible and intangible assets purchased or otherwise acquired by KKKS, whether used, not used or no longer used for KKKS operations.

The BMN originating from KKKS reported in the Government's financial report consists of capital assets (HBM), inventory assets (HBI), land assets and material supplies (MP). For the purpose of managing and reporting BMN originating from KKKS, the level of Echelon II for UAKPA-BUN TK and UAKPLB-BUN is established at the Ministry.

BPK recommends the Minister of Energy and Mineral Resources, as Head of the Technical Ministry, to order PPBMN preparing SOPs for cross-entity verification and reconciliation mechanisms between SKK Migas, PPBMN of the Ministry of Energy and Mineral Resources and DJKN of the Ministry of Finance in stages. Then, officially carry out the division of duties (responsibilities) for preparation of the working papers on BMN report from each KKKS before being submitted to DJKN of the Ministry of Finance. In addition, the Minister of Energy and Mineral Resources needs to develop and improve the BMN Reporting Information System originating from an integrated KKKS (Integrated Operation System).

In the audit of BMN management, BPK also found that financial statement of the 2019 UAKPA-BUN TK of Manager of BMN KKKS were not supported by Notes to the Financial Statements (CaLK). It includes general information of financial statements which do not display the business process for

preparing financial statements; information in accounting policies is incomplete; explanations for financial report items are inadequate; other important disclosures in CaLK are inadequate; and the Ministry of Energy and Mineral Resources PPBMN has not determined a standard asset recording policy.

Consequently, the information disclosed in the CaLK UAKPABUN TK from BMN originating from KKKS in 2019 is unclear, has not improved the reader understanding and has not presented comprehensive information on entities' financial activities.

BPK then revealed that there was a verification of the subsequent expenditure on assets of US\$ 1.28 billion, completion of the implementation of the inventory and assessment of BMN acquisitions for 2010 and years before, and the unfinished follow-up of the 2010 to 2012 inventory and appraisal results. This condition resulted the depreciation value of BMN originating from KKKS has not reflected the actual total depreciation amount.

The BMN reports of PT CPI's KKKS revealed that BMN was in badly damaged condition, in the process of deletion, as well as the plug and abandoned wells resulting from the 2009 and 2010 IPs were invalid. Then, the implementation of IP for KKKS assets obtained in 2010 and prior to 2010 as well as the



esdm.go.id



**This causes the value of BMN originating from KKKS is not calculated accurately, the land value of eight KKKS with an area difference of 582.03 million square meters cannot be assured its fairness, and BMN originating from KKKS has potential to be lost.**

follow-up process for the 2010-2012 IP results were still protracted. For this reason, BPK recommends the Minister of Energy and Mineral Resources, as Head of the Technical Ministry, to instruct PPBMN preparing a roadmap or strategy for the completion of IP assets for 2010 and for the follow-up of IP results from 2010 to 2012, as well as a verification process for subsequent expenditure.

The Minister of Energy and Mineral Resources is also requested to immediately update the BMN data originating from the KKKS on the follow-up to the IP results from 2010 and below and from 2010 to 2012 according to the current BMN conditions in the KKKS in the balance sheet and CaLK reports for the following year.

BPK also found that the compensation payment process for the ex-terminated BMN KKKS by KKKS of PT Vico Indonesia amounting to US \$ 1.85 million was protracted. To solve this problem, BPK recommends the Minister of Energy and Mineral Resources order PPBMN of the Ministry of Energy and Mineral Resources to solve the problem of the payment process for compensation of US\$ 1.85 million for the results of the physical administrative audit carried out by BMN originating from KKS of the former PT Vico Indonesia.

Overall, the audit results on BMN management from KKKS of PPBMN of the Ministry of ESDM revealed 13 findings containing 32 issues. These problems included 24 issues of weakness in the internal control system and eight problems of non-compliance with statutory provisions amounting to 1.85 million US dollars or Rp26.51 billion. ●

## THE PAPUA SPECIAL AUTONOMY PROGRAM (OTSUS) NEEDS IMPROVEMENT

Of the 1,500 recommendations from BPK audit, 527 or 35 percent of the recommendations have not been followed up.

**T**he Audit Board of the Republic of Indonesia (BPK) has submitted BPK's Opinion on the Management of the Special Autonomy

Fund (Otsus) for Papua and West Papua Provinces to the Government last Thursday (21/1). In one of its views, BPK suggests the government to continue the Papua Otsus Program by improving governance and building a system that ensures accountability and transparency as well as clear performance measures in order to boost the pace of Papua development so that the objectives of the Papua Otsus Program are achieved.

Since being granted Otsus, the welfare of the people of Papua and West Papua Provinces has increased. Even so, the level of welfare is still lower than in other provinces. Further, the level of fiscal independence of the regional governments in Papua and West

Papua Provinces is in the category of not yet independent. Provincial/district/city governments in Papua and West Papua Provinces still rely heavily on the Otsus Fund.

"Thus, Otsus Fund is still needed, to achieve the goals of Papua's Special Autonomy by improving governance and systems that ensure accountability and transparency as well as clear performance measures in order to boost the pace of Papuan development so that the objectives of the Papua Special Autonomy Program are achieved," stated in BPK Opinion.

Previously, BPK had conducted an audit of the Otsus Fund Management in Papua Province, West Papua Province, and several district/city governments in the two provinces.

The results of BPK audit for the 2008-2019 period revealed that there were fundamental problems in management of the Papua Otsus Fund in terms of regulatory, institu-

tional, and human resource aspects.

Of the 1,500 recommendations from BPK audit, 527 or 35 percent of the recommendations had not been followed up. "This shows that there are still many unresolved problems, so that it has an impact on not achieving the objectives of the Papua Special Autonomy," as quoted from the BPK opinion. The implementation of Papua's Special Autonomy began in 2001 when the Government issued Law (UU) Number 21 of 2001 concerning Special Autonomy for Papua Province. Furthermore, Special Autonomy is also applicable for West Papua Province as the expansion area of Papua Province.

Otsus Papua is intended to achieve justice, uphold the rule of law, respect for human rights (HAM), accelerate economic development, and improve the welfare and progress of the Papuan people in the framework of equality and balance with the progress of other provinces.



During the period of 2002-2019, the government has distributed the Otsus Fund amounting to Rp86.45 trillion and the Additional Infrastructure Fund (DTI) amounting to Rp28.06 trillion, or a total of Rp114.51 trillion.

Regarding a number of unresolved problems, BPK considers it is necessary to provide opinions to the government so that they can be used as material for consideration in making improvements to the sustainability of the Papua Special Autonomy Program.

Based on Article 11 point a of Law (UU) Number 15 of 2006, BPK may provide opinions to DPR, DPD, DPRD, Central/ Regional Government, Other State Institutions, Bank Indonesia, State-Owned Enterprises, Public Service Bodies, Regional-owned Enterprises, foundations, and other institutions or bodies, which are needed because of the nature of their work.

The opinions given by BPK included improvements in the areas of income, expenditure, and other fields related to the management and responsibility of state finances.

BPK noted that the provision of the Otsus Fund in cash with regional transfers has not been adequately managed and has resulted in irregularities which have affected the effectiveness of achieving the objectives of Papua's Special Autonomy. In addition to mitigating the risk of misuse of cash funds, the implementation of the Papua Otsus Program in the form of physical infrastructure development, especially road and bridge transportation infrastructure, will increase accessibility, employment and economic growth which in turn will accelerate the achievement of Papua's Otsus goals.

In addition, BPK also highlighted that one of the challenges in implementing the Otsus Program is about entitlement in the con-

text of legal certainty to open up investment space so as to encourage economic growth and the welfare of the Papuan people.

Based on this, BPK stated that the government should implement the Papua Otsus Program which is directed at increasing accessibility related to physical infrastructure, especially road and bridge transportation infrastructure. Therefore, in its design and implementation, the Papua and West Papua Otsus Program is primarily aimed at infrastructure development, in addition to cash assistance in the form of transfers to the Papua and West Papua Provincial Budget (APBD).

The government also needs to build awareness about the need for entitlement in the context of legal certainty to develop investment in Papua and West Papua Provinces, among others by forming a task force involving the central government, regional governments, and the Papuan People's Assembly (MRP), thereby encouraging job creation which in turn can increase the growth of the Gross Regional Domestic Product (GRDP) and the welfare of the Papuan people.

BPK also advised the government to compile and determine a grand design for the development of Papua in the context of managing the special autonomy of Papua. The central government needs to involve the Provincial Governments of Papua and West Papua to provide direction and strategy for Papua's Special Autonomy and can be used as a guide in drafting regulations for implementing the Otsus Law.

"The grand design is also equipped with indicators and targets to be achieved and the preparation takes into account the aspirations and needs of the Papuan people through a comprehensive need assessment process," stated

in BPK's opinion.

BPK assessed that the current government has not compiled a complete regulation. BPK noted that the Otsus Law does not mandate the preparation of a grand design for the development of Papua in the framework of the 2001-2021 Special Autonomy period so that its implementation is not fully in line with the spirit of the Otsus Law and creates the risk of overlapping implementation of its authority and funding.

The Otsus Law also does not regulate those who evaluate the implementation of the Otsus Law so that the problems that occur cannot be resolved immediately in order to realize the objectives of the Papua Otsus Program. Then, not all special regional regulations (Perdatus) and provincial regional regulations (Perdasi) that are mandated by the Otsus Law have been enacted.

Therefore, BPK also believes that the government should determine the parties responsible for evaluating the implementation of the Papua Otsus Law at the central and local governments, including the determination of evaluation objectives, what should be evaluated, how the evaluation is carried out, and to whom the evaluation report is directed.

BPK also encourages the formulation of Perdatus and Perdasi that have not been determined in accordance with the mandate of the Otsus Law.

Institutional strengthening of the Papuan People's Assembly (MRP) is also needed by establishing institutional instruments, including the Supervisory Committee involving the Indonesia's National Government Internal Auditor (BPKP). The MRP has an important task and function in the implementation of the Papua Otsus Program. The MRP is a cultural

representation of indigenous Papuans (OAP), who have certain powers in the framework of protecting OAP rights based on respect for customs and culture, empowering women, and strengthening harmony in religious life.

Based on the results of BPK's audit, the MRP's implementation of supervision of the Otsus Program needs to be improved, including monitoring the use

of the Otsus Fund. This is because the MRP has never received a report on the realization of the use of the Otsus Fund.

Meanwhile, according to Governor Regulation Number 12 of 2018 concerning Guidelines for Planning for Control and Evaluation and Supervision of the Use of Otsus Funds, the MRP has the duties and functions of an external su-

pervisor. The MRP has an important role in bringing OAP aspirations related to the use and supervising the management of the Otsus Fund.

Based on Government Regulation Number 54 of 2004 concerning the Papuan People's Assembly, the MRP apparatus consists of the leadership, working groups and the Honorary Council. There are three working groups, namely a working group that deals with the fields of tradition, women, and religion. The Honorary Council has the authority to conduct considerations and assessments of MRP members.

From the MRP completeness, it is known that there is no special unit that assists the MRP in supervising the use of the Otsus fund. Therefore, so that MRP can carry out its duties and functions more optimally, the MRP institution needs to be added with a special unit that helps MRP to supervise the use of the Otsus Fund.

BPK also believes that the government needs to build a vocational training center (BLK) to increase the capacity of the Papuan people. These BLKs will produce skilled workers in order to meet the needs of the workforce in the physical infrastructure sector, especially road and bridge transportation infrastructure, and gradually develop them in other fields including education and health.

## BPK's Viewpoint on the Management of Special Autonomy for Papua Province Fund

### The Sustainability of the Papua Special Autonomy Program

The management of the Papua Special Autonomy (Otsus) Fund (regulatory, institutional, and human resource aspects). One of basic point from Law (UU) Number 21 of 2001 concerning Special Autonomy for Papua Province is the recognition and respect for the basic rights of Indigenous Papuans (OAP) and their strategic and fundamental empowerment. The concrete form of OAP empowerment is to provide the Special Autonomy Fund which is expected to accelerate the improvement of welfare so that the Papuan people can catch up with the people in other provinces.

BPK have undertaken audit on the management of Otsus Fund, but the problems found are still unresolved and they have an impact on not achieving the objectives of Papua Otsus. In addition, offering the Special Autonomy Fund for the 2001-2021 period will end in 2021. For this reason, the BPK provides a viewpoint as a consideration for determining the sustainability and improvement of the Papua Otsus Program. BPK's viewpoint contains 2 main points, namely the sustainability of the Papua Otsus Program and the management of the Otsus Fund in regulatory, institutional and human resource aspects.

BPK has the authority to provide a viewpoint based on Article 11 point a of Law Number 15 of 2006 concerning the Audit Board of the Republic of Indonesia. BPK provides viewpoint on recurring and unresolved problems with the aim of resolving them to improve the management and responsibility of state finances.

#### PROBLEMS FOUND

- a. Since being granted Otsus, the welfare of the people of Papua and West Papua Provinces has increased, but the level of welfare is still lower than in other provinces. In addition, the level of fiscal independence of the regional governments in Papua and West Papua Provinces is in the category of not yet independent. Provincial / district / city governments in Papua and West Papua Provinces still rely heavily on the Special Autonomy Fund. Thus, the Special Autonomy Fund is still needed to achieve the goals of Papua's Otsus by improving governance and systems that ensure accountability and transparency as well as clear performance measures in order to boost the pace of Papua's development so that the objectives of the Papua Otsus Program are achieved.
- b. The provision of Special Autonomy Funds in cash with regional transfers has not been adequately managed and has resulted in irregularities which have affected the effectiveness of achieving the objectives of Papua's Special Autonomy. In addition to mitigating the risk of misuse of cash, the implementation of the Papua Special Autonomy Program in the form of physical infrastructure development, particularly road and bridge transportation infrastructure, will increase accessibility, employment and economic growth, which in turn will accelerate the achievement of Papua's Special Autonomy goals.
- c. One of the challenges faced in implementing the Special Autonomy Program is regarding entitlement in the context of legal certainty to open up investment space so as to encourage economic growth and the welfare of the Papuan people.

#### BPK's Viewpoint

BPK sees the government needs to: Continue the Papua Otsus program by:

- a. Improving governance and building systems that ensure accountability and transparency as well as clear performance measures to boost the pace of Papuan development so that the objectives of the Papua Special Autonomy Program are achieved.
- b. Implementing the Papua Special Autonomy Program which is directed at increasing the accessibility related to physical infrastructure, especially road and bridge transportation infrastructure. Therefore, in its design and implementation, the Papua and West Papua Special Autonomy Program is primarily aimed at infrastructure development, in addition to cash assistance in the form of transfers to the Papua and West Papua Provincial Budget (APBD).
- c. Building awareness on the need for entitlement in the context of legal certainty to develop investment in Papua and West Papua Provinces, among others by establishing a Task Force that involves the central government, regional governments, and the Papuan People's Assembly (MPR), thereby encouraging job creation which in turn can increase the growth of the gross regional domestic product (GRDP) and the welfare of the Papuan people.

## BPK's Viewpoint on the Management of Special Autonomy for Papua Province Fund

### The management of the Papua Special Autonomy (Otsus) Fund (regulatory, institutional, and human resource aspects).

One of basic point from Law (UU) Number 21 of 2001 concerning Special Autonomy for Papua Province is the recognition and respect for the basic rights of Indigenous Papuans (OAP) and their strategic and fundamental empowerment. The concrete form of OAP empowerment is to provide the Special Autonomy Fund which is expected to accelerate the improvement of welfare so that the Papuan people can catch up with the people in other provinces.

BPK have undertaken audit on the management of Otsus Fund, but the problems found are still unresolved and they have an impact on not achieving the objectives of Papua Otsus.

In addition, offering the Special Autonomy Fund for the 2001-2021 period will end in 2021. For this reason, the BPK provides a viewpoint as a consideration for determining the sustainability and improvement of the Papua Otsus Program. BPK's viewpoint contains 2 main points, namely the sustainability of the Papua Otsus Program and the management of the Otsus Fund in regulatory, institutional and human resource aspects.

BPK has the authority to provide a viewpoint based on Article 11 point a of Law Number 15 of 2006 concerning the Audit Board of the Republic of Indonesia. BPK provides viewpoint on recurring and unresolved problems with the aim of resolving them to improve the management and responsibility of state finances.



Bureau was not optimal. The Papua Otsus Bureau only manages the provision of scholarships to the Papuan people and has not yet developed the capacity of the Papuan people to improve quality and competitiveness in accordance with the objectives of the Otsus Program.

In addition, the human resource capacity at the Papua Otsus Bureau, the Otsus Implementation Administration Bureau at the Regional Secretariat and the Otsus Planning Section at the West Papua Province Regional Planning Agency, and technical OPDs are not yet fully adequate. This, among other things, has an impact on the planning and allocation of the Otsus Fund that has not been in line with the Otsus Law, the implementation and accountability are not transparent and accountable, and supervision is not optimal.

For this reason, BPK suggested that the Government together with the Papua and West Papua Provincial Governments increase the capacity of human resources at the Papua Province Otsus Bureau, the Otsus Implementation Bureau at the Regional Secretariat and the Otsus Planning Section at the West Papua Province Regional Planning Agency, so that they are able to coordinate planning, implementation, guidance, and supervision of the optimal management of the Otsus Program. ●

#### Problems Found

##### Regulation

The government has not compiled a complete regulation, namely:

- 1 Otsus Law does not mandate the preparation of a grand design for the development of Papua in the framework of the 2001-2021 Special Autonomy period so that its implementation is not fully in line with the spirit of the Otsus Law and creates the risk of overlapping implementation of its authority and funding.
- 2 The Otsus Law also does not regulate those who evaluate the implementation of the Otsus Law so that the problems that occur cannot be resolved immediately in order to realize the objectives of the Papua Otsus Program.
- 3 Not all special regional regulations (Perdasus) and provincial regional regulations (Perdasi) that are mandated by the Otsus Law have been enacted.

##### Institutional

The Papuan people's Assembly (MRP) has an important task and function in the implementation of the Papua Otsus Program. To optimize the MRP's institutional role and function as stated in the government regulation (PP) Number 54, 2004, MRP might be completed with the institutional instrument as needed by establishing supervisory committee.

- 1 **Human Resource**  
The provision of scholarships to the Papuan people and has not yet developed the capacity of the Papuan people to improve quality and competitiveness in accordance with the objectives of the Otsus Program.
- 2 The human resource capacity at the Papua Otsus Bureau, the Otsus Implementation Administration Bureau at the Regional Secretariat and the Otsus Planning Section at the West Papua Province Regional Planning Agency, and technical OPDs are not yet fully adequate. This, among other things, has an impact on the planning and allocation of the Otsus Fund that has not been in line with the Otsus Law, the implementation and accountability are not transparent and accountable, and supervision is not optimal.

#### BPK's Viewpoint

Improving the management of the Papua Special Autonomy Program in regulatory, institutional and human resource aspects by:

##### Regulation

- 1 Compiling and determining the grand design of Papua development in the context of Otsus by involving the Provincial Governments (Pemprov) of Papua and West Papua to provide direction and strategy for Papua's Special Autonomy and can be used as one of the guidelines in drafting regulations for implementing the Special Autonomy Law. The grand design is also equipped with indicators and targets to be achieved and the preparation needs to consider aspirations and needs of the Papuan people through a comprehensive need assessment process.
- 2 Determining the parties responsible for evaluating the implementation of the Papua Special Autonomy Law at the central and local governments, including the determination of evaluation objectives, what should be evaluated, how the evaluation is carried out, and to whom the evaluation report is directed.
- 3 Encouraging the preparation of special regional regulations (Perdasus) and provincial regulations (Perdasi) that have not been established in accordance with the mandate of the Special Autonomy Law.

##### Institutional

Strengthening the MRP institution by establishing institutional instruments including the Supervisory Committee by involving the Indonesia's National Government Internal Auditor (BPKP).

##### Human Resource

- 1 Increasing the capacity of the Papuan people by:
  - a) Building a vocational training center (BLK) to produce skilled workers to meet the demand for labor in the physical infrastructure sector, especially road and bridge transportation infrastructure, and gradually develop it in other fields including education and health
  - b) Using providers who are competent in carrying out infrastructure work and must involve the Papuan people so that there is a transfer of knowledge and the Papuan people have the skills to carry out infrastructure work to improve the quality of human development.
- 2 Papua and West Papua Provincial Governments work together to increase the human resource capacity (HR) of the Papua Province Special Autonomy Bureau, the Special Autonomy Administration Bureau at the Regional Secretariat and the Special Autonomy Planning Section at the Regional Development Planning Agency (Bappeda) of West Papua Province so that they are able to coordinate activities planning, implementing, developing, and supervising the optimal management of the Special Autonomy Program.

BPK also proposed to the government to use providers who are competent in carrying out infrastructure work and must involve the Papuan people so that there is a transfer of knowledge. Thus, the Papuan people have the skills

to carry out infrastructure work so as to improve the quality of human development.

In its audit, BPK found that the management of joint affairs (UB) in the education sector at the Papua Otsus

## RESTORE THE IMPLEMENTATION OF NATIONAL HEALTH ASSURANCE

The deficit in funding the JKN Program continues even though the government has provided financial assistance to the Health Social Security Fund (DJS).

**T**he Audit Board of the Republic of Indonesia (BPK) provided a Viewpoint to the government regarding the implementation of National Health Assurance (JKN) since the issues found during 2015-2019 audits have not been resolved to date.

BPK pointed out that one of the purposes of the establishment of the Government of Indonesia stipulated in the Preamble to the 1945 Constitution is to protect the entire people and the national sovereignty of Indonesia and to promote public welfare. To fulfill this mandate, the government has issued laws and regulations for implementation, as well as built a National Social Security System (SJSN) based on Law Number 40 of 2004 concerning SJSN. It is a nation-wide program that aims to guarantee the fulfillment of basic needs for each recipient, including health insurance. The law mandates implementation of the National Health Insurance Program (JKN).

The government has compiled a 2012-2019 JKN Road Map by setting eight targets to be achieved in 2019. However, these targets have not been fully achieved. BPK audit results revealed that fundamental issues relating to participation, service, and funding in the program still persist.

### Participation

A number of problems pertaining participation in JKN Program



vidal ballieo jr - pexels

implementation was found. BPK noted, government has not achieved the Universal Health Coverage (UHC) target because the database system was not integrated to the database system of other ministries/agencies that can support the validity of data. Government was not able to respond and adapt to the dynamics of population changes, so JKN participation data was not been presented in a valid and real time manner.

BPK also found that identity that proves participation in JKN Program was not made a requirement in administering public services, including banking services. For this issue, BPK thinks it is important for government to create a single valid and real time data for JKN Program participants. It can be done by integrating JKN Program membership database system with the system in other mi-

nistries/agencies. Government also needs to achieve the UHC targets by coordinating its institutions in improving/drafting regulations by including JKN Program membership identity as a criteria for administering public services, including banking services.

### Service

BPK found that JKN program participants had not received optimal service. This occurs because the definition of basic health needs in Law Number 40 of 2004 are not clearly stated.

Provision of health services to patients had not been done expeditiously due to administrative constraints. Distribution of health resources (doctors/medical personnel/equipment/devices) and availability of drugs/pharmaceutical needs in each region were not evenly distributed.

In addition, the management of drug supply in quantity, type and time was not carried out optimally. Health services were also not supported by screening technologies, adequate National Clinical Guidelines (PNPK) and Indonesian Case Base Groups (INACBGs) could not be implemented or updated as soon as possible. Health services by hospitals exceeding

INACBG's rates also have the risk of affecting quality health service for patients.

BPK is of the view that government needs to provide optimal services for JKN Program participants by clearly defining the Basic Health Needs in accordance with the principles of social insurance and equity as stipulated in Law Number 40 of 2004.

## BPK's Viewpoint on National Health Assurance (JKN)

### Participation

BPK have conducted audit on JKN in 2015 – 2019. However, problems related to the implementation of JKN have not been settled up to now. Thus, BPK provides Viewpoint on the management of the implementation of JKN Program as the alternative of solution for the government to improve the health service to the public.

BPK's viewpoint includes research on participation, service and funding which the management of JKN program implementation have not been optimum.

BPK has authority to provide viewpoint as stated in the article 11 point a Law number 15 of 2006 regarding Audit Board of the Republic of Indonesia. BPK provides its viewpoint to recurring and unresolved problems to resolve them for improving the management and responsibility of state finances.



### Problems Found

Government has not achieved the Universal Health Coverage (UHC) target because:

1

the database system was not integrated to the database system of other ministries/agencies that can support the validity of data. Government was not able to respond and adapt to the dynamics of population changes, so JKN participation data was not been presented in a valid and real time manner.




2


Identity that proves participation in JKN Program was not made a requirement in administering public services.



### BPK's Viewpoint

BPK has viewpoint that the government shall:

 Create a single valid and real time data for JKN Program participants by integrating JKN Program membership database system with the system in other ministries/agencies.

 Achieve the UHC targets by coordinating its institutions in improving/drafting regulations by including JKN Program membership identity as a criteria for administering public services, including banking services.



The government has compiled a 2012-2019 JKN Road Map by setting eight targets to be achieved in 2019. However, these targets have not been fully achieved.

The government also needs to expand the application of issuing Participant Eligibility Letter (SEP) with fingerprint for administrative purposes at the First-Level Health Facilities (FKTP) and Advanced Referral Health Facilities (FKRTL).

In addition, government is advised to map health resources comprehensively and arrange phases in order to fulfill and distribute health resources nation-wide. Moreover, government needs to improve the management of drug supply by involving ministries/agencies/regions, government/private health facilities, and providers of goods.

BPK assesses that the government needs to streamline and update health technologies, determine and update PNPk periodically and gradually according to the priority scale, and evaluate the application of Diagnostic Related Group (Grouper) in obtaining alternative solutions to speed up the updating process on grouper application. Government also needs to evaluate INACBG's rates to increase efficiency and meet the needs of health services objectively.

### Funding

The deficit in funding the JKN Program



### Service

BPK has conducted respective audits during the 2015-2019 period, but the problems found related to the implementation of the National Health Insurance Program (JKN) have not been resolved to date. For this reason, BPK provides viewpoint regarding the management of the JKN program as an alternative solution for the government in improving health services to the public.

BPK's viewpoint covers the results of a study on the aspects of membership, service, and funding that affect the management of the JKN program that is not yet optimal.

BPK has the authority to provide a viewpoint based on Article 11 letter a of Law Number 15 of 2006 concerning the Audit Board of the Republic of Indonesia. BPK provides viewpoint on recurring and unresolved problems aiming to resolve them to improve the management and responsibility of state finances.

### Problems Found

Participants had not received optimal service. This occurs because:

- 1 The definition of basic health needs in Law Number 40 of 2004 are not clearly stated.
- 2 Provision of health services to patients had not been done expeditiously due to administrative constraints.
- 3 Distribution of health resources (doctors/medical personnel/equipment/devices) and availability of drugs/pharmaceutical needs in each region were not evenly distributed.
- 4 The management of drug supply in quantity, type and time was not carried out optimally.
- 5 Health services were also not supported by screening technologies, adequate National Clinical Guidelines (PNPK) and Indonesian Case Base Groups (INACBGs) could not be implemented or updated as soon as possible.
- 6 Health services by hospitals exceeding INACBG's rates also have the risk of affecting quality health service for patients.

### BPK's Viewpoint

BPK is of the view that government needs to provide optimal services for JKN Program participants by:

- a. clearly defining the Basic Health Needs in accordance with the principles of social insurance and equity as stipulated in Law Number 40 of 2004.
- b. expanding the application of issuing Participant Eligibility Letter (SEP) with fingerprint for administrative purposes at the First-Level Health Facilities (FKTP) and Advanced Referral Health Facilities (FKRTL).
- c. map health resources comprehensively and arrange phases in order to fulfill and distribute health resources nation-wide.
- d. improve the management of drug supply by involving ministries/agencies/regions, government/private health facilities, and providers of goods.
- e. making effective the screening and updating health technologies, determine and update PNPk periodically and gradually according to the priority scale, and evaluate the application of Diagnostic Related Group (Grouper)<sup>1</sup> in obtaining alternative solutions to speed up the updating process on grouper application.
- f. evaluating INACBG's<sup>2</sup> rates to increase efficiency and meet the needs of health services objectively.

#### Note on Some Terms:

- **Grouper** : An application functioning to classify the results of health diagnoses and procedures into a Case Based Group code that applies in a respective country.
- **INACBG's** : Health care case group code used as a basis for payment.

continues even though the government has provided financial assistance to the Health Social Security Fund (DJS). This occurs because BPJS Health does not have an effective contribution collection mechanism to ensure collectability and validity of the contribution amounts for Wage Recipient Workers (PPU) and Non-Salary Workers (PBPU).

The determination of capitation fund

did not take human resources as well as the service facilities and infrastructure at the First-Level Health Facilities into account as capitation norms. Health services that should have been provided by First-Level Health Facilities (FKTP) were referred to Advanced Referral Health Facilities (FKRTL) instead. Moreover, FKTP's role in promoting health and prevention approach were not optimal.

## BPK's Viewpoint on JKN Program Funding

**B**PK has conducted respective audits during the 2015-2019 period, but the problems found related to the implementation of the National Health Insurance Program (JKN) have not been resolved to date. For this reason, BPK provides viewpoint regarding the management of the JKN program as an alternative solution for the government in improving health services to the public.

BPK's viewpoint covers the results of a study on the aspects of membership, service, and funding that affect the management of the JKN program that is not yet optimal.

BPK has the authority to provide a viewpoint based on Article 11 letter a of Law Number 15 of 2006 concerning the Audit Board of the Republic of Indonesia. BPK provides viewpoint on recurring and unresolved problems aiming to resolve them to improve the management and responsibility of state finances.



### BPK'S VIEWPOINT

Creating a sustainable financial for DJS Health to minimize financial deficit by:

**A** Establishing an effective fee collection mechanism to ensure collectability and validity of the contribution amount, especially from the PPU and PBPU segments.

**B** reform the amount of capitation payments to FKTPs by referring to standard rates and performance indicators that depict the quality of medical and non-medical services provided, completeness of health resources, as well as compliance and commitment to fraud prevention.

**C** reforming the role of FKTP at the forefront of health service in Indonesia, by optimizing health funds from State/Regional Budget for government-owned health facilities in order to enhance the promotion and prevention efforts, as well as achieve an ideal referral scheme for health service.

**D** Improving verification application of health service claim is also required at BPJS Health, considering the risk of fraud that may occur.

**E** Overcoming deficit at DJS Health according to its fiscal capacity.

**F** Encouraging funding collaboration with regional governments to provide opportunities for Regional Budget to contribute to the JKN Program.

### Problems Found

**T**he deficit in funding the JKN Program continues even though the government has provided financial assistance to the Health Social Security Fund (DJS). This occurs because:

**B**PKS Health does not have an effective contribution collection mechanism to ensure collectability and validity of the contribution amounts for Wage Recipient Workers (PPU) and Non-Salary Workers (PBPU).

The determination of capitation fund did not take human resources as well as the service facilities and infrastructure at the First-Level Health Facilities into account as capitation norms.

Health services that should have been provided by First-Level Health Facilities (FKTP) were referred to Advanced Referral Health Facilities (FKRTL) instead. Moreover, FKTP's role in promoting health and prevention approach were not optimal.

Application for verifying claims of health services at BPJS Health still needs improvements, as it could not be used optimally to manage loads of health services.

The government has also not been optimal in resolving the DJS Health financial deficit, which risks affecting the quality of health services.

Contribution from the Regional Budget to fund the JKN Program in addition to the regional State Official Wage Recipient Workers (PPU PN) is not optimal.

Application for verifying claims of health services at BPJS Health still needs improvements, as it could not be used optimally to manage loads of health services.

The government has also not been optimal in resolving the DJS Health financial deficit, which risks affecting the quality of health services. Contribution from the Regional Budget to fund the JKN Program in addition to the regional State Official Wage Recipient Workers (PPU PN) is not optimal.

To solve these problems, BPK is of the view that government must create a sustainable financial for DJS Health to minimize financial deficit. This can be done

by establishing an effective fee collection mechanism to ensure collectability and validity of the contribution amount, especially from the PPU and PBPU segments.

Further, government needs to reform the amount of capitation payments to FKTPs by referring to standard rates and performance indicators that depict the quality of medical and non-medical services provided, completeness of health resources, as well as compliance and commitment to fraud prevention.

In reforming the role of FKTP at the forefront of health service in Indonesia, government can optimize health funds from State/

Regional Budget for government-owned health facilities in order to enhance the promotion and prevention efforts, as well as achieve an ideal referral scheme for health service.

Improvement in verification application of health service claim is also required at BPJS Health, considering the risk of fraud that may occur.

Government also needs to overcome deficit at DJS Health according to its fiscal capacity. Lastly, government needs to encourage funding collaboration with regional governments to provide opportunities for Regional Budget to contribute to the JKN Program. ●

## BPJS KESEHATAN (HEALTHCARE AND SOCIAL SECURITY AGENCY): THE DEFICIT ENDS WITH SYSTEMIC IMPROVEMENTS

DJS Kesehatan's (Social Security Fund of health) cash flow which gradually improves is a positive sign for the sustainability of the JKN-KIS (National Health Insurance – Indonesian Health Card) program.

**B**PJS Kesehatan announced that the Social Security Fund (DJS) of Health cash flow for the National Health Insurance-Indonesian Health Card (JKN-KIS) program would gain a surplus in 2020. The financial condition was declared to be gradually improve with the end of the deficit.

This statement was conveyed by BPJS Kesehatan at a press conference on the performance and financial condition of DJS Kesehatan on Monday (8/2). The press conference was also a farewell ceremony for the Board of Directors of BPJS Kesehatan 2016-2020 led by Fachmi Idris at the end of his terms.

In his statement, Fachmi Idris stated that the status of DJS Kesehatan, which is improving, is demonstrated by the ability of BPJS Kesehatan to pay all bills for health services on time to all health facilities. This payment also includes the settlement of the 2019 bill.

"The unaudited data recorded that after making payments to all health facilities, as of December 31, 2020, DJS Kesehatan has



**The unaudited data recorded that after making payments to all health facilities, as of December 31, 2020, DJS Kesehatan has a cash balance and cash equivalents of Rp18.7 trillion.**



■ Fachmi Idris

[bpjs-kesehatan.go.id](http://bpjs-kesehatan.go.id)



a cash balance and cash equivalents of Rp18.7 trillion. In addition, with reliable governance, this year, the JKN-KIS program is expected to attain a technical reserve fund to meet the requirements for the level of financial health of DJS Health according to the Regulations", said Fahmi.

Fachmi explained that the end of the deficit was not only due to the adjustment of the participating contributions. According to him, a surplus has also been created as a result of systemic improvement.

He explained that there were three things that became the main concern of BPJS to overcome the deficit, known as the three pillars. The first pillar, he said, is strategic acquisition. The strategy relates to how BPJS spends money on quality services, but at a controlled cost. The second pillar is the collection of revenue or contribution. He said that there was an increase in participation in the payment of participating contributions during the Covid-19 pandemic.

The third pillar, meanwhile, is risk pooling. Basically, the objective of the strategy is to ensure cross-subsidies between participants. The strategy worked well, he said, because the number of participants continued to increase.

"We also continue to advocate and educate, so that participants do not only

register when they are sick," Fachmi said. Fachmi said that the cash flow of DJS Kesehatan, which is gradually improving, is a positive sign for the sustainability of the JKN-KIS programme. "This baton is expected to support the works of BPJS Kesehatan directors in the future," said Fachmi.

He did not forget to urge JKN-KIS participants to actively provide feedback on the services provided by health facilities in the context of improvement and service obligations. In addition, participants are expected to pay fees on a regular basis and to comply with service procedures in accordance with the provisions as a form of sustainability support for the JKN-KIS programme.

"We are very grateful and appreciate the public, especially JKN-KIS participants who regularly pay dues. Thank you also to health facilities, related ministries and institutions, local government and the Indonesian Parliament who have participated in guarding and contributing to the sustainability of the JKN-KIS program," said Fachmi.

Fachmi added that there is still a need for joint efforts to fulfill the mandate of Government Regulation No 53 of 2018 on the second amendment of Government Regulation No 87 of 2013 on the management of health social security assets. Article 37 states that the financial health of DJS Kesehatan assets is measured on the basis of the net assets of DJS Kesehatan, provided that at least the estimated claims payments for the next 1,5 months must be sufficient and at most equal to the estimated claims payments for the next 6 months.

"Healthy net assets are taken into account if, in insurance terms, the minimum capital or risk-based capital (RBC) of DJS Kesehatan to manage the JKN-KIS program can be considered. "Of course, the government will continue to strive for health services for health workers to ensure optimal health services for participants," said Fachmi. ●

## FIVE RISKS IN LKKL AUDIT

Auditor will conduct in-depth assessments and tests on high-risk accounts to obtain adequate confidence in determining opinions regarding the fairness of financial statement presentation (LK).



■ Board Member I of BPK, Hendra Susanto

**B**oard Member I of the Audit Board of the Republic of Indonesia (BPK) Hendra Susanto states that BPK uses a risk-based audit approach in auditing the financial statements of ministry agencies (LKKL) 2020. The auditor will conduct an in-depth assessment and test of the high risk accounts to obtain an adequate confidence in determining the opinion regarding the fairness of financial statement presentation (LK).

Hendra explains that the accounts that will be the focus of the BPK audit are the presentation of LK BLU (public service bodies), inventories, fixed assets, construction in progress, other assets, non-tax state revenue (PNBP), goods spending, and capital expenditures. "Especially government expenditures aimed at handling Covid-19," said Hendra in an entry meeting for the audit of 13 LKKL 2020 at the Directorate General of Audit I, Thursday (4/2).

Hendra further explains that there are five risks in budget management related to handling Covid-19. The first risk is strategic risk, which is the risk that appears when policy

objectives are not achieved effectively and efficiently. Second, the risk of moral hazards and fraud, which is the risk of abuse of authority and fraud in implementing policies that can harm state finances.

The third risk is operational risk, which is the risk of constrained implementation in the field, due to the complexity of activities, wide control ranges, central and regional coordination, data validity, and the number of new regulations that must be implemented as soon as possible.

Then, said Hendra, compliance risk, namely the risk of violation of laws and regulations (including the risk of irregularities in the procurement of goods/ services can lead to legal risk.

Meanwhile, the last one is the risk of presenting financial statements. He explained, the risk of irregularities in the procurement of goods/ services in the Covid 19 pandemic period could affect the capital expenditure account, goods expenditure, inventory, and fixed assets which had an impact on the fairness of the presentation of the central government's financial statements.

He reminded that the results of the LKKL audit in 2019 showed that of the 20 entities audited by AKN I, there were 17 KL who received an



■ Coordinating Minister for Political, Legal and Security Affairs, Mahfud MD



■ Submission of inspection assignment letter to the Head of the Ministry of Institution.



**Because the budget is huge, the government hopes its disbursements reach the right target and not be diverted. Therefore, we always consult and even ask BPK to audit this as well as possible.**

Unqualified Opinion (WTP), 2 KLs received an Qualified opinion (WDP), and one entity with Disclaimer opinion (TMP).

“BPK expects the recommendations be followed up in accordance with applicable regulations,” he said. The follow-up on the audit recommendation is important to make the already good financial statement’s opinion can be maintained.

For information, BPK has the authority to audit financial reports as well as the performance of the central and local governments. In this case, AKN I has the duty to audit 20 ministries/ institutions. The main purpose of auditing financial statements is to provide an opinion. Opinion is an auditor’s professional opinion on the fairness of the information presented in the financial statements.

The criteria used by BPK in auditing financial reports are the conformity of financial reports with Government Accounting Standards, the adequacy of disclosure of financial information in financial reports, the effectiveness of the Internal Control System, and compliance with laws and regulations.

### Government Commitment

Coordinating Minister for Political, Legal and Security Affairs, Mahfud MD, said the government is currently focusing on three issues related to the management of state finances. All three are the budget for dealing with the Covid-19 pandemic, economic recovery, and social assistance. Mahfud explained, the budget for these three issues was huge which made the government had to issue Perppu No.1 of 2020 concerning State Financial Policy and Financial System Stability for Handling the Covid-19 Pandemic and/or in Facing Threats that Endanger the National Economy and/or Financial System Stability.

“Because the budget is huge, the government hopes its disbursements reach the right target and not be diverted. Therefore, we always consult and even ask BPK to audit this as well as possible. We also do not mess around if someone violates the law, we report it to the KPK, Attorney General’s Office, or the police so that it can be resolved legally,” he said. ●



■ Submission of inspection assignment letter to the Head of the Ministry of Institution.



## AUDIT ON THE DISTRIBUTION OF SUBSIDIES

Simultaneously with the audit on distribution of subsidies, PDDT (specific-purposed audit) was also carried out at BUMN Operators related to the distribution of subsidized goods/services, realization of subsidized expenditure/other expenditure/current year State Capital Participation (PMN) financing, and calculation of subsidized debt/receivables/ other expenditures.



■ BPK Board Member II Pius Lustrilanang led the entry meeting of LKBUN audits.

**T**he Audit Board of the Republic Indonesia (BPK) will conduct an audit on the 2020 State General Treasurer Financial Report (LKBUN). Starting the series of LKBUN audits, BPK held an initial conference or virtual entry meeting led directly by BPK Board Member II, Pius Lustrilanang at BPK Head Office, on Tuesday (26/1) in Jakarta.

This activity was attended by Minister of Finance Sri Mulyani Indrawati, Deputy Minister of Finance, Middle/Echelon I officials in BPK and Ministry of Finance (Kemenkeu), officials within the Ministry/Institution acting as the

Budget User Authority (KPA) BUN, Head of Unit Special Work for Upstream Oil and Gas Business Activities (SKK Migas), as well as Directors of State-Owned Enterprises (BUMN), and the 2020 LKBUN Audit Team.

In his speech, Pius said that the 2020 LKBUN audit was aimed at providing an opinion on the fairness of the 2020 LKBUN.

"The audit includes transactions and accounts related to Debt Management, Grants, Government Investments, Loans, Regional Transfers, Subsidized Spending, Other Expenditures, special transactions, and other agency units as well as central accounting," he explained.



## BOARD MEMBER IV ENCOURAGES IMPROVEMENT OF FOLLOW-UPS ON BPK RECOMMENDATIONS



■ The virtual entry meeting was chaired by Board Member IV of BPK Isma Yatun.

The meeting kicked off BPK's routine in conducting financial audits of ministries/agencies for FY 2020.

The Audit Board of the Republic of Indonesia (BPK) held an entry meeting for the audit on Financial Reports of Ministries/Agencies (LKKL) for Fiscal Year 2020 at audit entities under the auspices of Audit IV of BPK on Wednesday (13/1). The virtual entry meeting was chaired by Board Member IV Isma Yatun.

Also attending the meeting were the Minister of Public Works and Housing Basuki Hadimuljono, the Minister of Maritime Affairs and Fisheries Wahyu Trenggono, the Minister of Energy and Mineral Resources Arifin Tasrif, the Minister of Environment and Forestry Siti Nurbaya, the Minister of Agriculture Syahrul Yasin Limpo, and Secretary to the Coordinating Minister for Maritime and Investment Affairs Agung Kuswandono.

During the meeting, Isma Yatun conveyed a notion of breakthrough in order for the follow-up of BPK's audit recommendation would be more meaningful in improving governance. The notion is to consider the results of following up BPK's recommendation as one of the criteria in performance remuneration.

"Likewise, recommendations in the form of penalties or warnings could also

be linked to deduction of performance remuneration," she proposed. Isma hoped the idea will be considered seriously to be implemented at ministries/agencies. Isma stated that BPK conducts audit regularly every year to provide an audit opinion. An audit opinion is a professional opinion from auditors on the fairness of the information presented in the financial statements.

"The criteria used in giving an opinion are conformity of presentation to the Government Accounting Standards (SAP), adequacy of information disclosed based on SAP, and compliance with laws and regulations, as well as effectiveness of Internal Control System (SPI)," she explained.

The meeting kicked off BPK's routine in conducting financial audits of ministries/agencies for FY 2020. BPK Director General of Audit IV Syamsudin stated that the 90-day long audit will be carried out by prioritizing virtual audit procedures.

"For the audit on Financial Reports of Ministries/Agencies (LKKL) this year, we will prioritize doing a virtual or remote audit, excluding items that cannot be conducted virtually," he elaborated in the meeting also attended by auditors in Audit IV. ●

## BPK CONTINUES TO MAINTAIN AUDIT QUALITY IN THE MIDST OF PANDEMIC

BPK requires the support of entities, in particular related working units in providing data and information to make the audit activities runs smoothly and on time.



■ Board Member V BPK, Bahrullah Akbar

**T**he audit of the 2020 Fiscal Year financial reports will be carried out by the Audit Board of the Republic of Indonesia (BPK) without reducing quality even in the midst of the Covid-19 pandemic. In performing audits, BPK still takes into account, health protocols in efforts to contain and prevent virus transmission.

This was conveyed by Board Member V BPK, Bahrullah Akbar, at the initial meeting or entry meeting at the BPK Head Office, Jakarta, on Monday (25/1). The initial meeting on the Audit of Financial Statements of Ministries/Institutions (LKKL) FY 2020 on entities in the Directorate General of Audit (AKN) V BPK was conducted virtually.

Bahrullah in his remarks, emphasizes that BPK needs the support of the entity, especially related working units in providing data and information, to make the audit activities runs smoothly and on time.

“During this pandemic, the task of auditing LKKL and the Hajj Financial Management Agency (BPKH) will continue to be carried out without reducing its quality. Therefore, we ask for the support of the entities, especially related working units in providing data and information during

audit activities, so that the audit activities run smoothly and on time,” he said.

Furthermore, Bahrullah also asked the ministers or heads of institutions or agencies, and their staffs to prepare all documents needed for the audit in the form of soft copy.

“To implement the audit procedures well and anticipate any obstacles faced, we hope that the ministers and heads of institutions/ agencies put their attention to this matters so that all documents have been scanned into soft copies and sent via file sharing platforms,” he explained.

The initial meeting is the first step in a series of auditing financial statements conducted by BPK. The purpose of the initial meeting is to convey and communicate matters related to the audit process. These include, among others, the purpose of the audit, the scope of the audit, the time of the audit and the criteria for the audit.

Also attending this meeting were the Minister of Religion, Yaqut Cholil Qoumas, Head of the Financial Management Agency Hajj, Anggito Abimanyu, Director General of Audit V, Akhsanul Khaq, as well as officials within the Ministry of Home Affairs, the Sabang Free Port and Trade Zone Exploitation Agency (BPKS), Batam Indonesia Free Zone Authority (BP Batam), the National Border Management Agency (BNPP), the Surabaya-Madura Regional Development Agency (BP-BPWS), and the auditors within AKN V BPK. ●



■ Virtual Entry Meeting invitees.

## BPK EXPANDS AUDIT WITH LFAR FORMAT

With the LFAR format, financial audit will be supplemented with performance audit.

In the 1st semester of 2021, the Audit Board of the Republic of Indonesia (BPK) will carry out audits using the Long-Form Audit report approach in all its representative offices. This is a continuation of a pilot project previously conducted in five provinces in the 1st semester of last year. BPK Board Member V Bahrullah Akbar stated that conveying audit reports in LFAR format is an effort to increase the added value of BPK audit.

"This idea did not suddenly emerge. This is how the best practice is," he mentioned to *Warta Pemeriksa* on Thursday (11/2).

With LFAR format, financial audit will be supplemented with performance audit. Last year, BPK used this scheme for audits in the provinces of Aceh, Lampung, Banten, DKI Jakarta and East Java.

As told by Bahrullah, BPK is currently increasing the number of performance audit. Based on one of the peer review results from NIK Poland, BPK is still considered lacking in performance audit. Besides, the number of entities receiving Unqualified Opinions (WTP) from the audit on Regional Government Financial Reports (LKPD) for FY 2019 has reached 90 percent.



■ Board Member V BPK, Bahrullah Akbar

“If everyone has already obtained a WTP, then what else do we audit on?” Bahrullah asked.

He explained that a Financial Audit Report (LHP) consists of three sub-reports: audit opinion, internal control system and compliance. According to him, sub-reports on internal control system and compliance can be merged. So the third sub-report can discuss about certain area of entity’s performance.

The LFAR scheme will be applied to all BPK Representative Offices for audits at the provincial level. Although it will not be applied at audits on district/city governments, this effort has shown a positive development. “With this in effect, I think we are on the right track,” he assessed.

BPK Director General of Audit V Akhsanul Khaq explained that last year LFAR approach was carried out for audits related to infrastructure development and maintenance in Aceh, Lampung and East Java. In Banten, the audit was related to disaster management. “While in DKI Jakarta, the theme for LFAR audit approach was on air pollution control which was a public concern,” said Akhsanul.

This year all representative offices in western and eastern region will all conduct audits using LFAR approach. Themes for these audits are expected to relate to public concerns. Also, it is necessary for these themes to link to the medium-term development target of each province.

Significant accounts in financial statement such as asset may also be the focus. “Public services, distinctive programs in local governments can also be considered,” he said.

In the second semester of 2020, Audit V of BPK also carried out several performance audits to support the 2021 national thematic audit related to improving the quality and competitiveness of human resources.

Achsanul explained that one of the audits was the performance audit on the



**We conducted performance audits on the implementation of an electronic-based government system at the Ministry of Home Affairs in 2019-2020. Similar focus was also audited at 42 local governments.**



■ **BPK Director General of Audit V, Akhsanul Khaq**

effectiveness of curriculum implementation at madrasah education, with the Ministry of Religion as the audit entity under the responsibility of Audit V. Another performance audit was on the effectiveness of the management of Public Service Agency (BLU) at UIN Sunan Gunung Jati and UIN Syarif Hidayatullah.

In addition to the above, Audit V also conducted audits which focused on accelerating the implementation of electronic-based government systems or e-Government.

“We conducted performance audits on the implementation of an electronic-based government system at the Ministry of Home Affairs in 2019-2020. Similar focus was also audited at 42 local governments,” he said. ●

## RISK-BASED APPROACH: FOWS OF BPK'S AUDIT

The Chairman of BPK asked auditors to perform in-depth identification on risks for every policy taken by the government in dealing with the Covid-19 pandemic.



■ Chairman of BPK, Agung Firman Sampurna

**T**he Audit Board of the Republic of Indonesia (BPK) uses a risk-based audit approach in auditing the 2020 financial statements (LK). Through this approach, the auditor will conduct in-depth assessments and tests on high-risk accounts to obtain adequate confidence in determining opinion regarding the fairness of the financial statements presentation.

Audit with a risk-based approach has been conveyed by BPK during entry meetings with entities. Chairman of BPK, Agung Firman Sampurna, has also emphasized this to BPK auditors in the workshop on auditing the Central Government Financial Statement (LKPP), the Ministry and Institutions Financial Statement (LKKL), and the State General Treasurer Financial Statement (LKBUN) in early January 2021.

On this occasion, Chairman of BPK asked the auditors to carry out an in-depth identification on risk of every policy taken by the government to deal with the Covid-19 pandemic. He further said that identification was carried out for the risks in the presentation of LKPP, LKKL, LKBUN, as well as the risk of fraud that might occur in the implementation of each policy.

"BPK audit team needs to develop adequate audit strategies and procedures for each identified risk, including by optimizing information technology in the audit process," said the Chairman of BPK in his briefing at that time.

Director General of Audit V BPK, Akhsanul Khaq, when interviewed by *Warta Pemeriksa* on Friday (5/3) said that the risk increased in line with the policy of accelerating expenditure amid the Covid-19 pandemic by the central and local governments.

In terms of Covid-19 handling, he said, one of the accelerations carried out was through direct appointments for the procurement of goods and services. Akhsanul said, BPK ensures whether the appointed companies had competences in goods and services. "Because, the company may not have the competence, so there is a risk that the goods and services provided, are not appropriate in terms of quantity and quality," said Akhsanul.

So far, he said, the risks in Local Government Financial Statement (LKPD) were mostly in the capital expenditure and goods expenditure accounts. The most often problem found by BPK is regarding the mismatch of quality and specifications of goods and services.

"In this pandemic era, of course the risks are increasing. Risky accounts that need to be considered are social assistance expenditure, grant expenditure, goods and services expenditures, and capital expenditures. These are what we consider in the current condition as risky accounts," he said.

Akhsanul said, risky accounts in LKPD could influence opinions on LKPP. "This is because there are local government's budget items that correlated with budget items at Central Government, for example, regional transfers.

"Regional transfers in the form of general allocation funds (DAU) and special allocation funds (DAK) were received and utilized by local governments. If its utilization considered to be problematic, then it will also affect LKPP. Then, there is also social assistance, which is actually central government's assistance, but carried-out in the local governments. It also brought affects to LKPP if it is considered problematic in LKPD," said Akhsanul.

Director of Auditorate VI.A BPK, Tornanda Syaifullah, said the Covid-19 pandemic had prompted changes and adjustments in



**In this pandemic era, of course the risks are increasing. Risky accounts that need to be considered are social assistance expenditure, grant expenditure, goods and services expenditures, and capital expenditures. These are what we consider in the current condition as risky accounts.**



■ Akhsanul Khaq

the audit process of LKPP, LKKL, LKBUN, and LKPD. The Covid-19 pandemic has changed the planning process where auditors know there are limitations in the audit process.

Due to these limited conditions, from the beginning, BPK used a risk-based audit. "So, at the beginning we have determined based on the business processes, what are the things considered risky. We also determine the risk points that are most likely to occur," he said.

As knowing these limitations from the beginning, he said, it is expected that the process will be carried out with great discretion and it is not impossible that it can be much better even though the partial audit



■ Tornanda Syaifullah

process is carried out online. "In the process, I see it is better, because from the beginning, we have mapped the risks of the business process and the fraud risk. In fact, the materiality of the test is determined from the beginning of the audit planning," he said.

Tornanda said that he is currently in charge of the Ministry of Health's audit. According to him, one of the risk points in the Ministry of Health's audit is expenditures on handling Covid-19. He explained that Covid-19 handling expenditures came from several sources, starting from the state budget, grants, and others. According to him, the disbursement of funds from various sources also has a risk of fraud.

Expenditures that have a high risk are capital expenditure and goods and services expenditure. He added, grants are also one of the risky accounts, whether it is for the Ministry of Health or for other entities such as local governments or the National Disaster Management Agency (BNPB).

"Well, the earning of grants and the spending of grants are the accounts that concern us, apart from high-risk accounts. Due to the risk of errors in calculations or inaccuracies, the Audit Board of the Republic of Indonesia (BPK) has been guarding it

from the beginning. So, we do not let these transactions or accounts affect the fairness of the financial statements," he said.

### **Added value of audit**

To add value to the audit, especially for LKPD, BPK this year will expand the implementation of the Long Form Audit Report (LFAR). In 2020, LFAR has been piloted in five BPK Regional Offices under the Directorate General of Audit (AKN) V.

LFAR is an audit approach that combines financial audits with performance audits. Director General of Audit V BPK, Akhsanul Khaq, said that the implementation of LFAR is in accordance with the spirit of the INTOSAI Principles 12 (INTOSAI P-12) concerning The Value and Benefits of Supreme Audit Institutions-making a difference to the lives of citizens. INTOSAI P-12 states that the audit agency must be able to provide added value and benefits to the community.

For this reason, BPK has developed an audit of financial statements that takes into account and emphasizes aspects of the performance achieved by local governments. With this LFAR approach, BPK not only provides conclusions on financial statement audits in the form of opinions, but can also provide information related to performance descriptions on certain issues that became concern of the public.

Akhsanul said, LFAR would be applied to all BPK Regional Offices for provincial government financial statements. "In AKN V (Western region) there are 16 BPK Regional Offices. While in AKN VI (Eastern region) there are 18 offices," he said.

The theme of performance audits in LFAR varies. Akhsanul explained that there are several criteria in determining the theme of performance audit in LFAR. First, it should be matters of public concern. Second, it should be the main program of the local government. Meanwhile, the third one, it is the latest problem in the regions.

He explained, the theme of the audit that will be raised by AKN V by the Regional Offices of BPK is about fiscal independence, infrastructure, management of revenue and transfer funds, food security, stunting, tourism, regional assets, poverty, and licensing. "So, the theme varies greatly depending on the issues that are developing and which are the main programs of the local government."

### Alternative data

Director of Auditorate V.A Dede Sukarjo said, even in the conditions of the Covid-19 pandemic, there was no fundamental difference in the audit process carried out by BPK. The standards for auditing financial statements remain the same, including the types of audit evidence that must be collected. However, he admitted that there were audit steps that could not be carried out completely, as before the pandemic. Of course the reason, aligned with the direction from the BPK Board, that health is an absolute and the main thing.

If it is considered dangerous, then the auditor should carry out alternative procedures in the audit process. This requires creativity from auditors to plan alternatives to obtain data. This means that auditors must be able to obtain complete and accurate data so that they have a sufficient basis for drawing conclusions.

He said, in carrying out social assistance audits in handling Covid-19, alternative procedures were also used. To test whether social assistance is on time, and in the right amount and on target, the auditor can send questions to the social assistance beneficiaries in the Google form. "To get a lot of samples, we used Google form, it was distributed and more beneficiaries could filled in," he said.

Regarding risk-based audits, Dede said, a good and precise understanding of business risk and fraud risk encourages auditors to map which ones are the most risky and

which have the most impact on financial statements. "For example, in handling Covid-19, distribution of aid and procurement of goods and services are the most risky. The focus and risks of the audit have been presented in the terms of reference and the audit program (P2)," he said. ●



even in the conditions of the Covid-19 pandemic, there was no fundamental difference in the audit process carried out by BPK.



■ Dede Sukarjo

## PLANNING THE AUDIT

Audit planning is basically a dynamic process and it is possible to make adjustments to existing changes

**T**he Audit Board of the Republic of Indonesia (BPK) is a high state institution with authority to conduct audits of the management and accountability of state finances. The BPK has therefore also made a number of preparations before carrying out the audit task.

BPK Director General of Audit Planning, Evaluation and Development (Revbang), Bernardus Dwita Pradana explained that in the SPKN (State Financial Audit Standards) Conceptual Framework in line with the ISSAI 100 Fundamental Principles of Public Sector Auditing, the audit process includes planning, implementing, reporting and monitoring the follow-up of the audit results. At BPK, audit management planning, implementation and reporting of business processes are further regulated in the Audit Management Guidelines (PMP) and follow-up monitoring management is regulated in the Audit Support Management Guidelines (PMPP).

"This business process applies to all audits at BPK, including financial audits, performance audits, and special-purposed audits," said Dwita to *Warta Pemeriksa*, Thursday (14/1).

To ensure the audit consistency and quality, BPK has issued State Financial Audit Standards (SPKN), Audit Management Guidelines (PMP), Audit Support Management Guidelines (PMPP), audit implementation guidelines (juklak) and audit technical guidelines (juknis). The guideline regulates as well as becomes a guideline in every BPK audit so that it can be carried out efficiently and effectively to obtain sufficient and accurate evidences.

In general, BPK has a strategic planning that is prepared by BPK every five years and is included in the document of BPK Strategic Plan (Renstra). The strategic plan, as a living docu-



■ Bernardus Dwita Pradana

ment, covers BPK's vision and mission that will be achieved during that period and includes the priorities of policy and audit strategies. In the 2020-2024 Strategic Plan, BPK has set out six strategies, one of which is Strategy 2, which relates to the main task of audit, namely "Improving the Quality of Audit Strategically, Anticipatory, and Responsively".

"BPK has to prepare strategic plans to fulfill the implementation of audit duties and expectations of stakeholders. BPK must be guided by BPK Strategic Plan in preparing an annual audit plan as outlined in the Audit Work Plan (RKP) by taking into account the dynamics of environmental changes that occur," said Dwita.

SPKN PSP 200 Paragraph 9 states, "BPK and auditors must plan the audit as well as possible."

In addition to strategic planning, an assignment plan is carried out on the basis of an annual plan and is the process of determining an overall audit strategy and of developing audit planning. At this stage, the auditor must clearly state the audit purposes on the main information or main subject matter being audited.

"The auditor must ensure the clarity of their audit assignment," said Dwita.

Audit planning is prepared by considering BPK's audit strategy and policies. In addition, BPK audits can be carried out on the basis of requests from stakeholders.

Audit planning is the start of the audit process after considering BPK's audit policies and strategies and audit risk management as the basis for determining the objectives, scope and resources required in the audit process. The audit program and the assignment letter are generated from this stage.

Audit planning includes technical preparations and audit support. Technical preparations include the formation of audit planning team (TPP), understanding of the audit object, compilation of the audit program package, identification of the audit team, approvals of the assignments, as well as preparation of the PKP (Audit Working Program).

In the meantime, the preparation of audit support includes the issuance of official travel documents (SPD), disbursement of audit fees, accommodation and transport to the location during the audit, and providing experts if needed by TPP.

For financial audit, at the planning stage, an auditor will perform the following ten steps.

1. Understanding the Purpose of Audit and Assignment Expectations;
2. Understanding of the Entity and Business Processes;
3. Understanding of Previous Audit Results;
4. Understanding of the Internal Control System;
5. Implementation of Initial Analytical Procedures;
6. Identification and assessment of initial risk;
7. Establishment of initial materiality limits;
8. Determination of method of sampling;
9. Fulfilling the needs of auditors;
10. Preparation of Audit Programs and Individual Activity Programs.

In the meantime, overall performance audit planning is divided into two, namely strategic planning and operational planning. Strategic

planning is related to the determination of topic and Audit Working Planning (RKP) of auditors' units. Meanwhile, operational planning is the development of a detailed plan for implementation of strategic decisions taken during the strategic planning process.

"In other words, in the performance audit, planning of the audit is carried out after the audit topic and RKP have been determined," said Dwita.

In general, the operational planning process for performance audit in BPK has four major stages, namely:

1. Initial understanding of the subject being audited. This is done by first establishing a TPP to compile an Audit Planning Results Report (LHPP).
2. Preparation of Preliminary Audit Program (P2) based on previously prepared LHPP.
3. Implementation of the preliminary audits to compile the design of the performance audits and to produce the Preliminary LHP (Audit Reports). At this stage, the auditor shall understand the subject matter and identifies the problem, identifies key areas, objectives, scope, questions, criteria and types of evidence and audit procedures.
  - a. If the problem being audited is not considered worthy of further audit (not continuing to the detailed audit phase), the preparation phase of the Preliminary LHP is the final step in the planning process;
  - b. If the problem being audited is considered worthy of further audit by means of a detailed audit, the auditor shall then prepare a detailed P2.
4. Preparation of a detailed Audit Program (P2).

For Special-Purposed Audit in term of compliance, the audit planning stage consists of nine steps, namely:

1. Identification of user of the audit results and the party responsible;
2. Identifying the main points, objectives and scope of audit;
3. Identifying the criteria;
4. Understanding the entity and its surroundings;
5. Understanding the internal control system;
6. Determining the materiality;
7. Managing risk assessment;
8. Determination of the sampling tests;
9. Preparation of audit strategy and audit planning.

Dwita emphasizes that audit planning is very

important in the audit process. Planning shall provide directions and a road map for the conduct of audit in accordance with the expectations of the assignment.

"Audit planning is needed to produce a work program in accordance with audit policy and allocation of resources in accordance with audit needs so that the audit can fulfill the assignment's expectations and comply with audit standards," said Dwita.

Dwita conveys that the audit planning process is basically a dynamic process and it is possible to make adjustments to the existing changes.

The duration of the audit planning process differs from one another and is highly dependent on the expectations of the assignment, its objectives, type, scope, nature or characteristics, and the complexity of audit itself.

The Audit Management Guidelines (PMP) do not specifically regulate the duration of the audit process. PMP only regulates the length of time required for quality control at the planning stage.

Auditing is a dynamic process. There is a change in the policy from the Audit Task Force (PTP) and conditions in the field make it possible for planning that has been prepared to undergo adjustments.

Apart from being due to independence considerations, PTP may also change assignments due to changes in the policy of BPK Board or force majeure or other considerations that make the audit inadequate. The decision to change the assignment is administered by Secretariat of Audit Working Unit through Audit Information System and notified to the audited entity.

Although there is currently a Covid-19 pandemic, the substance of audit planning still follows the stages and criteria set out in the audit standards.

"Adjustments occur in procedures and techniques in the planning process as a result of an emergency or crisis on the operations of entity being audited and its impact on the audit implementation," said Dwita.

However, Dwita acknowledged that the existence of a pandemic had a huge impact on how to collect and analyze data or documents for planning purposes. This requires auditors to be more creative and innovative in designing procedures through the use of information technology.

Dwita gave an example, the location of an entity in an area with a vulnerable zone will have an impact on the operations of the entity, which will also have an indirect impact on the audit's conduct. This is part of risk assessment to be carried out by auditor in the selection of alternative audit procedures to be carried out during a pandemic.

"In order to assist auditors in the process of audit planning in the event of a crisis, Revbang has published a number of guidelines for audit team in pandemic situations, namely Technical

Guidelines for Financial Audits in Emergency situations, Methods for State Financial Audits in Emergency situations, a series of Guidelines for Performance Audits as well as for Compliance Audit for the handling of COVID-19 during pandemic conditions. Currently, Revbang is also preparing some

software with assistance and on the basis of the auditor's needs in each audit unit, so that the auditor's task can continue to run smoothly in a crisis situation," said Dwita.

BPK will further encourage innovation in audit planning through leveraging big data analysis to support risk-based audits and assist auditors in carrying out initial analytical procedures.

"In line with BPK's Strategic Plan, which encourages the digital transformation of BPK 4.0, future audit planning will leverage big data analysis (BDA) which will assist the role of oversight, insight and even foresight through predictive analysis," said Dwita.

According to Dwita, by using the BDA, the auditor can map the audit risk more precisely so that the audit can be carried out in a targeted manner in high-risk areas. At the end of the conversation, Dwita said, "Effort and courage is not enough without purpose and direction" a quote from John F. Kennedy. ●



**Adjustments occur in procedures and techniques in the planning process as a result of an emergency or crisis on the operations of entity being audited and its impact on the audit implementation.**

## MANAGING SDGS AUDIT IN THE GLOBAL WORLD

BPK's experience in dealing with public sector issue have empowered Yudi Ramdan in carrying out his duties at IDI as Manager of Capacity Development for SDGs.

**T**he Audit Board of the Republic of Indonesia (BPK) continues to expand its wings in international activities by sending its best staff. One of them, namely Yudi Ramdan Budiman, who has completed his secondment at INTOSAI Development Initiative (IDI) as Manager of Capacity Development for SDGs. Since May 2018, Yudi has left the country to serve in Oslo, Norway for three years. From the task, Yudi gathered a lot of experience that could be developed for the future progress of BPK. Yudi said that his job as a manager was to manage all initiatives related to capacity building in auditing the issue of Sustainable Development Goals (SDGs). Yudi also had to cooperate with 140 Supreme Audit Institutions (SAI) from various countries in the world.

His responsibility covers various initiative on advocacy and promotion of auditing SDGs. Yudi has to design various activities that provide understanding to various stakeholders both within the SAI community and outside the community about the 2030 Agenda, SDGs, and auditing SDGs. Further, Yudi manages the preparation of the SDGs audit guidance and the publication of the results of the SDGs audit which will become the SAI reference in the SDGs audit. Lastly, he also facilitates the Cooperative Audit on SDGs Audit carried out by SAI.

"Apart from that, I am also involved with other initiatives such



■ Yudi Ramdan Budiman

as SAI PMF, ISSAI implementation, as well as cooperation between IDI and BPK. Most of them are related to the SDGs audit," said Yudi to the *Warta Pemeriksa*, Monday (1/2).

Yudi said that for three years he had participated in 17 meetings at the global, regional, and national levels. International meetings include SAI Leadership and Stakeholders at the UN headquarters in New York which was attended by SAI leaders from more than 70 countries.

In addition, there were meetings with regional organizations such ARABOSAI, ASOSAI, and ASEAN-SAI which were also part of the advocacy for auditing the SDGs.

Promotion of the role of SAI was also carried out at other international events involving various SDGs-related organizations such as the World Bank, UNDESA, CEPA, IISD, OECD, UNESCAP, and UNECA.

Another contribution made by Yudi was developing two SDGs audit guidelines, namely the Audit

Guidance of SDG Preparedness Audit, and the IDI's SDG Audit Model (ISAM). Both guides have been uploaded on the official IDI website and are available in four languages. Many SAIs have used these guidelines to audit the implementation of the SDGs in each country.

"In addition, I also involved in developing the publication of the results compilation of the SDGs audit which was launched at the UN headquarters in July 2019 entitled "Are Nations Prepared for Implementation of the 2030 Agenda," said Yudi.

Another challenging activity is facilitating two cooperative audits, namely the Cooperative Audit of SDG Preparedness Audit, and the Cooperative Audit of SDG Implementation. There are at least about 120 audit teams from various SAIs that have been given assistance starting from preparing training materials, organizing e-learning courses, to supporting the SDGs audit process.

Other activities include engaging with the SAI PMF initiative,

and the ISSAI implementation promoted by IDI.” Apart from that, with regard to BPK, I was involved in a strategic cooperation initiative between BPK and IDI which was successfully signed in September 2019. This cooperation provides an opportunity for BPK to establish capacity development for both parties,” he said.

Yudi said, one of the challenges in his work was collaborating with all related parties. He gave an example, when developing ISAM, there were various experts from international institutions and SAI to finalize the guidelines.

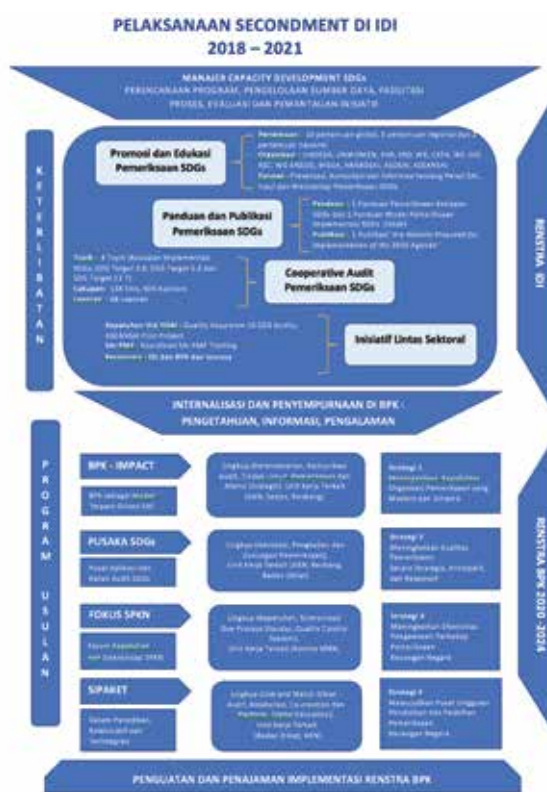
Yudi explained that the complexity in developing the guidelines was relatively high. This is because there are different points of view from various parties.

“There are large and small SAIs. The nature of SAIs are also vary. The complexity then helps provide a comprehensive understanding to enable us serve clients, in this case SAIs from all countries,” said Yudi.

Yudi said, to develop an audit model for the global level cannot be too sophisticated or too simple. The guidelines need to be in the middle so that when it is implemented, it can be accepted by SAIs worldwide. Yudi conveyed that BPK’s experience in dealing with problems in the public sector also empowered him in facing these challenges. After working for more than 25 years, Yudi recorded various challenges that BPK had faced.

“BPK’s experience in dealing with challenges in the public sector became my main reference when I identified the challenges and what audit should be appropriate for that,” he said.

ISAM was launched in March



2020 as a guideline for all SAIs in the world to audit the SDGs.

### Lessons for BPK

Yudi conveyed that his three years of experience at IDI was an important knowledge to be transmitted to BPK. One of the valuable experiences, according to Yudi, is understanding the audit business processes of various SAIs in the world. The business process starts from strategic planning, resource management, implementation of audit business processes, to interaction with stakeholders.

“This becomes knowledge as well as information for my reflection which may be applied in BPK,” said Yudi.

Furthermore, Knowledge Management System is another valuable lesson. According to Yudi, it provides a basis for how to document ideas, thoughts, perspectives, and expertise from various experts in the field of SDGs and audit into a guidance. Yudi said that this knowledge system is important to

make BPK would no longer rely on individuals but instead lean on the system.

“So, whoever the leader, whoever the auditor, if the knowledge system is good, regeneration can run well,” said Yudi.

Yudi also summarized the experience and made four program proposals to BPK. The first proposal is BPK-Impact. This is an initiative that tries to encourage BPK’s business processes to accelerate the impact of audits. “So, BPK can be an impact-driven SAI,” said Yudi.

The next proposal, is the Center for Application and Audit Studies of SDGs (Pusaka SDG). Yudi hopes that this forum can bridge all internal and external stakeholders, at the national,

regional, and even international levels regarding the SDGs audit. Its activities include advocacy, assistance, and research on approaches, methods and techniques for auditing the SDGs in the future.

In addition to that, along with the high demands regarding the quality of BPK audits, Yudi offered a forum to discuss follow-up actions regarding BPK’s level of compliance with the State Financial Audit Standards (SPKN). The forum also study the synchronization of the SPKN with ISSAI. The program is called FOKUS SPKN or SPKN Compliance and Synchronization Forum. Then, based on his experience managing the capacity development program at INTOSAI, Yudi proposed an Effective and Integrated Collaborative Education System for State Financial Audit (SIPAKET PKN).

“This effort ensures a link and match between the education process and its support with the audit process based on a digital platform,” said Yudi. ●

## AUDIT STRATEGY DURING COVID-19 PANDEMIC

BPK's Audit Application System (SiAP) greatly supports the smoothness of audit implementation.

**T**he Covid-19 pandemic, which has affected the natural order, poses new challenges for auditors of the Audit Board of the Republic of Indonesia (BPK) in conducting audits. One of them is determining how to obtain sufficient and competent evidence. The use of technology is also critical in assisting the audit process during a pandemic.

BPK Audit Director of VI.A, Tornanda Syaifulah said that the BPK Board Members have always reminded all auditors to prioritize their health condition. As a result, he stated, the audit might develop alternative procedures to obtain sufficient and competent evidence while carrying out the audit process.

"The key question is how we will gather sufficient and competent evidence. Do we need audit technique, or do we need to pursue other options? Let's say, we don't go to the audit site, but just doing observation. In regional offices, drones can be used as an alternative to gain audit evidence, for example " he stated.

This means that, during Covid-19 pandemic,



■ Kepala Auditorat VI.A BPK Tornanda Syaifulah



the principles of professionalism, independence, and integrity must be upheld. "Yes, skeptics and professionals are required. Furthermore, because the risk is high, we are skeptical, but professional," he stated.

He stated that suspicion should be based on facts gained during the field audit. Analysis is also the result of good planning and a risk-based audit.

Meanwhile, the next question is how to obtain adequate and competent evidence. According to him, this is where the auditor's expertise is required. Obtaining sufficient and competent evidence in this pandemic requires technological assistance.

Next, the auditor must improve communication with the entity/auditee. Furthermore, most communication with entities is now done online.

"But the principle of caution must be maintained, I reminded my colleagues, for example, for every online meeting with the auditee, it must be recorded. That is, indeed, one of our documents as well as a digital footprint. So, if anything happened, we have proof. This means that, as I previously stated, sufficient and competent evidence can be provided " he stated.

He added that the applications, software, and information technology provided by BPK are also very useful. BPK already has adequate technology for audit quality control. The Audit Application System (SiAP) greatly facilitates audit implementation and the use of audit portal.

"However, the State Financial Audit Standards must be implemented, while still prioritizing health, which is the most important," he said.

### Conducting audit with less constraints

According to BPK Audit Director of VI.B, Ida Irawati, audit process managed by Auditorat VI.B went well, even in the midst of the Covid-19 pandemic. She stated that Auditorate VI.B had conducted four audits. First, audit on the Ministry of Education and Culture's financial report for fiscal year 2019. Second, the performance audit of the Ministry of Education and Culture's efforts to prepare educators and educational personnel. Third, compliance audit on state financial management and responsibility in handling Covid-19 pandemic at the Ministry of Education and Culture, the University of Indonesia, and other agencies. Fourth, audit related to the Smart Indonesia program's compliance during the Covid-19 pandemic. "We are currently conducting an audit on the 2020 financial statement of the Ministry of Education and Culture," he told *Warta Pemeriksa* on Friday (12/3).

She stated that the standards and quality requirements had not changed during the audit process. This means that the auditors must still carry out audit procedures in accordance with existing standards and their derivative products, such as guidelines, implementation instructions, and technical instructions, which require the auditor to obtain and analyze sufficient and adequate audit evidence as a basis for developing opinions and conclusions.

BPK has developed alternative procedures to ensure audit quality. A remote audit procedure developed and implemented in the audit is one alternative procedures developed and implemented to obtain sufficient and appropriate evidence using communication and information technology, such as virtual interviews or questionnaire surveys.

"By using zoom technology, we can actually reach a larger number of audit sampling with various interested parties. Audit factors such as materiality and risk are also taken into account. For example, when creating a video, existing procedures are still followed, and the relevant party shows it via Zoom," she stated.

She explained that the special standards used when carrying out these alternative procedures were in accordance with BPK Decree No. 4 of 2020 on technical guidelines for financial audits during an emergency. "With stipulation number

4, we have adapted the points made to obtain sufficient and adequate evidence to support the audit results."

Auditing with alternative procedures is rely on technology. Fortunately, she said, the BPK Information Technology Bureau has developed a number of innovations that make auditing easier. Big data analysis is one of the most innovative technologies. When conducting a universe audit for Covid-19, she was greatly supported by the presence of this innovation.

"Big data analysis also helps in terms of obtaining data not only from related entities or the results of audit by auditor colleagues, but we can access it outside of the audit result, for example from the media, google, and others," she said.

Meanwhile, BPK Audit Director of V.A, Dede Sukarjo, stated that the audit process ran smoothly even during the pandemic. The audit activity targets and outputs have been achieved.

According to him, this demonstrates that the audit can be completed as thoroughly as possible.

"This shows that the pandemic is not a barrier, but rather a challenge resulting creativity to anticipate problems in the field," he said.

He further emphasized on better preparation, both for audit planning and for the auditor, particularly in terms of health. "The audit must also see the auditee's condition so that it can automatically adjust the auditee's conditions. For example, if the auditor needs to meet with the auditee while the auditee's office is closed for whatever reason," He stated.

However, this does not mean that the audit will be terminated. Analytical work is still possible. He cited audited interviewing activities related to the entity's business processes as an example. Similarly, reports and proof of liability sent in soft copy are acceptable.

"Planning is crucial to fulfil the coverage that has been determined in accordance with standards. Meanwhile, during audit implementation, we can complete what cannot be done online in the field, ensuring that quality is maintained. Meanwhile, reporting can be done from any location " he stated. ●



**This shows that the pandemic is not a barrier, but rather a challenge resulting creativity to anticipate problems in the field.**

## TRANSPARENCY AND ACCOUNTABILITY CAN NOT BE NEGOTIATED

The Covid-19 pandemic opens a room for SAI to improve and emphasize its role in safeguarding governance.



**C**hairman of the Audit Board of the Republic of Indonesia (BPK), Agung Firman Sampurna, emphasized that transparency and accountability are two main aspects of good governance that cannot be negotiated even in times of crisis. Moreover, the potential for mismanagement, waste, and corruption can easily occur in the midst of a crisis.

This was conveyed by the Chairman of BPK in the international webinar entitled 'Ensuring Transparency and Accountability in Covid-19 Pandemic: a Multi-Stakeholder Approach/Perspective'. The webinar held by BPK on Monday (11/1) was attended by 750 participants from Supreme Audit Institutions (SAI) in Asia, ministries and institutions, academics, as well as donor agencies, and BPK auditors. This webinar also serves as a forum to share experiences in identifying and addressing risks that may hinder transparency and accountability during a pandemic.



**Audit komprehensif berbasis risiko menggabungkan tujuan dari tiga jenis audit, yaitu audit keuangan, kinerja, dan kepatuhan.**



Agung added, misuse of governance has the potential to occur during the Covid-19 pandemic, considering that governments around the world are now setting various policies with very large budgets. At the same time, he said, the Covid-19 pandemic provide room for SAI to improve and emphasize its role in safeguarding governance. “Especially transparency and accountability, which are two main components in governance that should not be compromised, even during a crisis,” said the Chairman of BPK.

The Chairman of BPK said that BPK was aware of this condition. Therefore, BPK conducted a comprehensive risk-based audit of the Covid-19 pandemic handling. A risk-based comprehensive audit is carried out because it is an important and strategic instrument in order to mitigate high risks that arise in emergency situations.

“A comprehensive risk-based audit combines the objectives of three types of audits, namely financial, performance, and compliance audits,” he said.

Agung continued, BPK in the first semester of 2020 had conducted a study of state financial policies and financial system stability in dealing with the Covid-19 pandemic. The aim is to provide insights to the government, parliament, and other stakeholders.

The audit process was carried out in the second semester of 2020. “We hope to publish a national audit report early this year,” said Agung. In the same webinar, Board Member III, Achsanul Qosasi, stated that BPK has conducted a comprehensive audit of all state finances elements (universe audit). This is a part of the Indonesian central and local

governments’ response to the Covid-19 pandemic.

The audit, said Achsanul, was carried out through three procedures, namely planning, implementation, and reporting. Planning has been carried out in August. Meanwhile, the audit has been running from September to November 2020.

He hopes that the audit report can be completed in January 2021. “We hope that this report can be completed soon this month,” he said at the same opportunity.

Achsanul added that because the scope of the audit is wide, the process involves many parties. To support this, BPK uses big data for the effectiveness of audit and as part of the digital transformation process.

In addition to the Chairman of BPK and Board Member III BPK, Achsanul Qosasi, other speakers attending at this webinar came from The World Bank, International Budget Partnership (IBP), Certified Practising Accountant (CPA) Australia, United Nation Resident Coordinator (UNRC), and the Australian National Audit Office (ANAO).

There are also speakers from the Indonesia’s National Government Internal Auditor (BPKP), University of Indonesia, and INTOSAI Policy, Finance, and Administration Committee (PFAC). ●



## AGUS JOKO PRAMONO SELECTED AS VICE CHAIR OF UN IAAC

This selection result confirms BPK's commitment in contributing to support the optimization of Indonesia's foreign policy and to enhance the image of Indonesia at the international level.



■ Virtual meeting between Vice Chairman of BPK Agus Joko Pramono, David Walker, and J. Christopher Mihm.

**V**ice Chairman of the Audit Board of the Republic of Indonesia (BPK) Agus Joko Pramono is selected as Vice Chair of the Independent Audit Advisory Committee (IAAC) of the United Nations (UN), which starts effectively in Januari 2021. The selection was made during IAAC virtual meeting held on 8-11 December 2020, in which one of the agenda was the selection of Chair and Vice Chair of IAAC. The position for IAAC Chair is once again entrusted to Janet St. Laurent.

The selection result confirms BPK's commitment in contributing to support the optimization of Indonesia's foreign policy and to enhance the image of Indonesia at the international level. IAAC meeting was held for four days with two agenda items: the 5th Meeting of the UN System Oversight Committees on 8-9 December 2020, and the 52nd IAAC Meeting on 10-11 December 2020.

The first agenda was opened by Chef

de Cabinet representing the Secretary General of UN. The meeting was attended by 49 participants from 22 subsidiary bodies of UN. It was an annual meeting organized by IAAC for all UN oversight committees.

Former US Comptroller General also First Chair of IAAC David Walker presented his perspective on "The Future and Role of Oversight/Audit Committees in View of the Emerging Global Trends, including Covid-19." During discussion, various experiences and latest information related to best practices and lessons learned in UN bodies were shared.

The second agenda of the meeting was led by IAAC Chair Janet St. Laurent and attended by all IAAC members. The meeting discussed the latest developments on the status of follow-up recommendations from oversight agencies within the UN, specifically Board of Auditors (BoA) and Joint Inspection Units (JIU). In addition, the meeting also discussed the status of vacant management positions, the utilization of peace keeping budget and budget planning for 2021, as well as the status of Umoja implementation. ●



■ Vice Chairman of BPK Agus Joko Pramono and David Walker



## BPK SHARES ITS EXPERIENCE ON BANK SUPERVISION AUDIT

INTOSAI Working Group on Financial Modernization and Regulatory Reform (WGFMR) serves as a forum of introducing and externalizing the role of BPK to the international community.



■ Laode Nusriadi and BPK RI delegation.

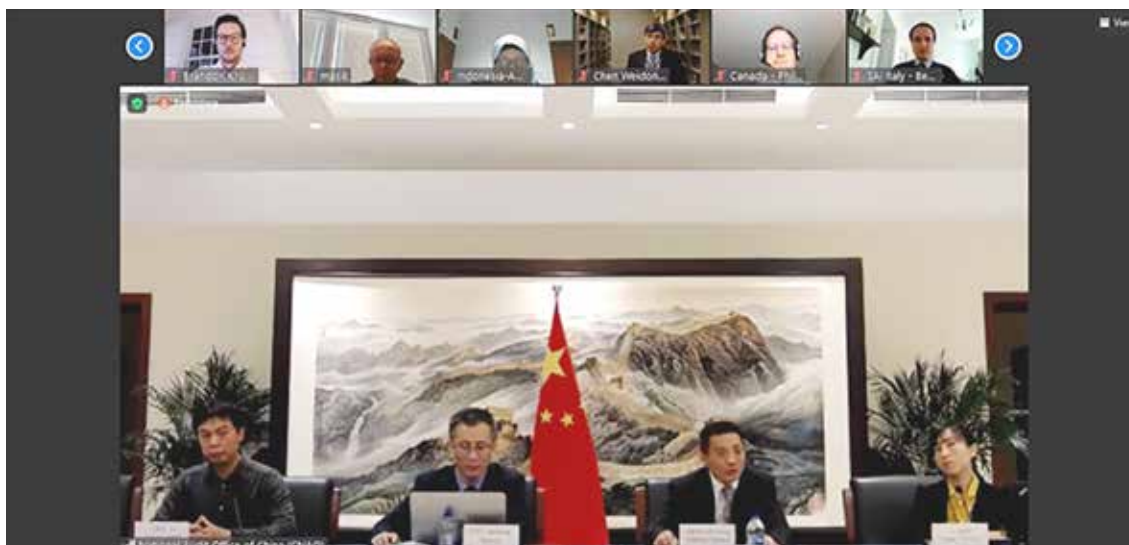
The Audit Board of the Republic of Indonesia (BPK) was again invited to deliver a presentation on the experience of audits at the INTOSAI Working Group on Financial Modernization and Regulatory Reform (WGFMR) meeting. The meeting, which took place virtually on Friday (22/1), aims to increase the knowledge of the Supreme Audit Institution (SAI) on government policies related to financial regulation, regulatory changes and the role of the Central Bank during the Covid-19 Pandemic. The meeting was attended by 44 participants from 18 SAIs.

BPK Director General of Audit II, Laode Nusriadi led the delegation of BPK consisting of Director of Audit II.D. Thomas Ipoeng Andjar Wasita, Head of Public Relations and International Cooperation Bureau Selvia Vivi

Devianti, Deputy Director of Audit II.C.1 Hartono Ari Susetyo, Head of International Cooperation Division, Kusuma Ayu Rusnasanti, and the International Cooperation Team. At the meeting, Laode explained the experience of BPK in auditing the supervision of banks initiated by mandate of BPK and the reform of financial system in Indonesia.

Laode explained that the audit methodology carried out by conducting a review, including the implementation of Basel III, Bank Supervision Methodology, Bank Supervision Report, Supervisory Working Paper and banking regulations stipulated by the authorities. Some lesson learned merged when conducting the audit include the communication of audit results to stakeholders, the rules on bank secrecy and the integrated audit strategy.

Laode said that BPK is currently auditing the handling of Covid-19 pandemic. The audit co-



■ National Audit Office of China (CNAO) delegation.



**BPK is currently auditing the handling of Covid-19 pandemic. The audit covers Indonesia's financial system, which includes monetary policy, fiscal policy, banking supervision policy and policy on deposit supervision.**

vers Indonesia's financial system, which includes monetary policy, fiscal policy, banking supervision policy and policy on deposit supervision.

Unlike the previous meeting, SAI USA as the chairman of INTOSAI WGFMR gave SAI of the People's Republic of China (PRC) the opportunity to host the meeting, which was opened by Wan Zhincheng, Director General, Department of Financial System Audit. The meeting was attended by speakers including Tobias Adrian, Financial Counselor and Director of Monetary and Capital Markets Department of International Monetary Fund (IMF); Pan Wensheng, Chief Economist and Head of Research Department of China International Capital Corporation (CICC); and Chen Weidong, General Manager of the Research Institute of Bank of China (BOC).

Tobias gave recommendations to develop a strong and equitable economy for developed and developing countries after the Covid-19 pandemic. For developed countries, this can be achieved by continuing fiscal and monetary policies and avoiding risks that threaten financial stability. Meanwhile, it is advisable for

developing countries to maintain fiscal and monetary policies that do not interfere with debt sustainability and reduce inflation.

In the other side, CICC's Pen Wensheng explained the differences in economic policies pursued by the United States (US) and China in 2020. US policy, he said, tended to the demand side with the impact of accelerating demand recovery, deepening recession, and trade deficits. Meanwhile, the PRC gives priority to the supply side, which has the impact of accelerating the recovery of supply, reducing economic contraction and increasing trade surpluses.

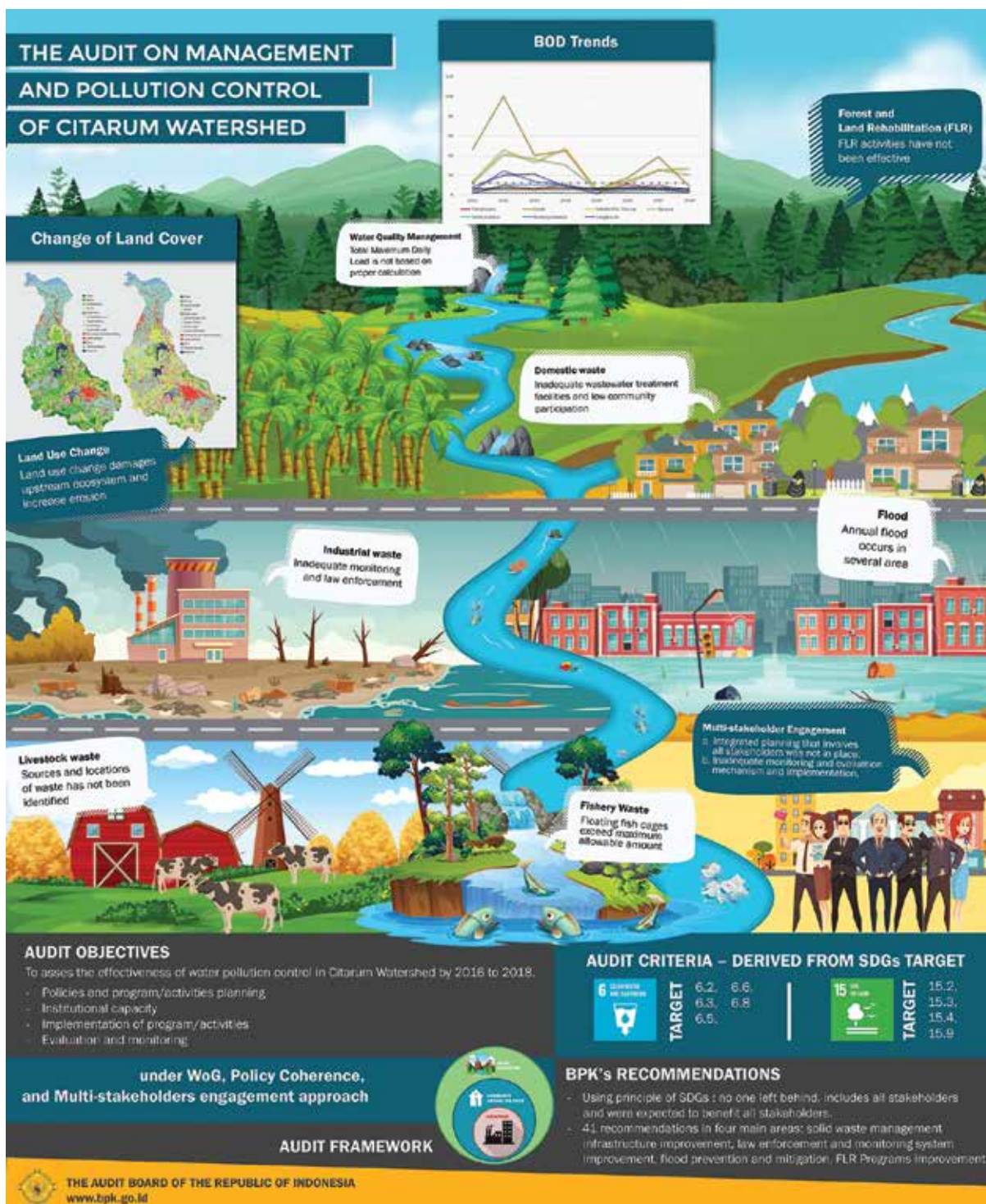
Although the policies adopted are different, in 2021, it is predicted that the two countries will be able to achieve the same goal of synchronizing global recovery.

BPK's participation in this virtual meeting demonstrates BPK's strong commitment to playing an active role in INTOSAI WGFMR. In addition to gaining experience, knowledge and learning to use in auditing, this working group can be a means of introducing and externalizing the role of BPK to the international community. ●



# BPK RECEIVED BEST INFOGRAPHIC AWARD FROM INTOSAI WGEA

Based on the judges' assessment, BPK was able to create a simple yet informative infographic.





■ BPK Board Member IV, Isma Yatun, with the compilers of the infographics.

**T**he Audit Board of the Republic of Indonesia (BPK) received an award from the INTOSAI Working Group on Environmental Auditing (WGEA) for the best visualization or infographic. The winning infographic exhibited “the Audit on Management and Pollution Control of Citarum Watershed” published in 2019. INTOSAI WGEA encouraged Supreme Audit Institutions (SAIs) around the world to deliver their audit results in an attractive format. Thus, INTOSAI WGEA launched an initiative called “INTOSAI WGEA Award - Inspiration in Environmental Auditing.”

The awarding ceremony for the best infographic was the highlight of the 20th WGEA Assembly held on 19-21 January 2021. With the theme of “Rethinking for Circular Economy”, the meeting was the first Assembly hosted by SAI Finland as Chair of INTOSAI WGEA.

As reported in the official website of INTOSAI WGEA, the panel of judges decided to have two winners for the aforementioned award. In addition to BPK, the jury also named SAI Slovenia as winner.



**Congratulations and thanks to friends who won the INTOSAI WGEA award for visualizing the results of the Citarum watershed auditing. This is a very proud achievement because it has succeeded in making BPK and Indonesia proud in the international arena. I also encourage BPK employees in general to continue to contribute and increase their capacity at the international level.**

**Isma Yatun,**  
BPK Board Member IV

There were a total of 12 SAIs that submitted their entries to the competition. The criteria that the judges determined were richness of content, attractive visuals, well execution, and clear message.

“Everyone deserves an award in this competition,” stated the Lead Judge Peter Welch from the European Court of Auditors. Japan and Costa Rica submitted works depicting rich graphics of their respective countries. Meanwhile, Brazil created a great infographic using maps. Despite all the interesting works submitted, the judges agreed on crowning two winners.

“Slovenia and Indonesia conducted similar audits on water quality and produced a summary with excellent graphics. Slovenia created a small brochure with beautiful maps. While Indonesia created a simple yet very informative poster,” continued Welch.

The infographic from BPK was prepared by a team of three auditors. It summarized performance audit results on the management and pollution control of Citarum Watershed in Bandung. The audit was conducted by BPK at the end of 2018 and was aimed to assess the effectiveness of the management and pollution control of Citarum Watershed for 2016-2018 at the Ministry of Environment and Forestry, Ministry of Public Works and Public Housing, local governments and related agencies.

An audit which evaluates a certain condition from multiple perspectives is needed not only to provide information on the actual condition, risks and challenges, but

also to provide recommendations for improvements to the program. It is important to understand the underlying problems related to water and its inspection. Thus, the illustration visualized the condition of Citarum River and those that affect the water and water sources.

At the top part of the infographic, BPK’s audit results on the status of Citarum waters, including the issues and policy implementation were depicted. In its audit process, the visualization emphasized on the involvement of all stakeholders (local government, industry and community) to ensure that the audit recommendations were relevant and could add value to the effort in mitigating and controlling pollution in Citarum. Whereas the bottom part of the infographic summarized the audit objectives, approaches, framework, criteria (as derivatives of SDGs target) and recommendation.

Prior to the award announcement, BPK’s representative Amri Lewa (Deputy Director of Audit IV.C.2) shared knowledge on the implementation of Circular Economy through waste management based on the same audit presented in the infographic at one of the sessions in the 20th WGEA Assembly. On that occasion, Amri Amri explained the environmental problems in Citarum watershed, specifically some best practices in waste management in Citarum watershed such as managing waste into compost, Waste Bank, recycling plastic waste and managing waste into energy. ●



■ BPK Deputy Director of Audit IV.C.2, Amri Lewa

## BPK EXPOSES THE USE OF DATA ANALYTICS AT THE ARABOSAI SEMINAR



BPK is the lead of the data analytics project for the INTOSAI Working Group on Information Technology Audit (WGITA) for the 2017-2019 period.

The Audit Board of the Republic of Indonesia (BPK) had the opportunity to share knowledge and experiences related to the Data Analytics Guideline at a seminar entitled “Big Data and its Impact on Reports” which was held virtually by the Arab Organization of Supreme Audit Institutions (ARABOSAI) on Tuesday (20/1). This invitation was given to BPK as the lead of the data analytics project for the INTOSAI Working Group on Information Technology Audit (WGITA) for the 2017-2019 period which has produced a product in the form of Data Analytics Guideline.

Together with Anindya Dasgupta from the SAI of India as the WGITA Secretariat, Pingky Dezar Zulkarnain (Head of the Infrastructure and Network Management Sub-Division at the BPK Information Technology Bureau) explained the contents of the guideline documents that are available to the public on the INTOSAI Community Portal. Further, Pingky gave an example of the use of data analytics in the audits carried out by BPK, including performance audit on the effectiveness of population administration, compliance audit on the e-catalog system, audit of financial reports on Central Government Financial Statements, and comprehensive risk-based audit for handling Covid 19.

Pingky also said that along with the increasing need for big data analysis and data analytics to



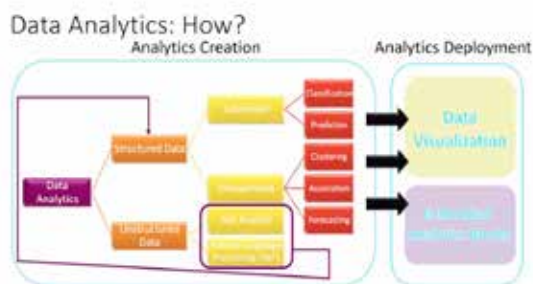
■ Pingky Dezar Zulkarnain

support audits, BPK recruited employees within BPK to strengthen the data and information analysis team in data engineering and data science functions with expertise in mathematics and statistics.

BPK’s presentation received positive responses from around 40 seminar participants from the Arab region. The issues that attracted the attention of participants was mainly related to BPK’s experience of using data analytics to help auditors complete audit assignments. Some of the questions raised to the BPK, among others, were regarding the applications/ tools used, the methods used for error data, and data validation, as well as the use of machine learning at BPK.

ARABOSAI Seminar on “Big Data and its Impact on Reports” was held on January 18th-22nd, 2021 for IT practitioners at SAIs in the Arab region. SAI Sudan acted as host for the seminar organizer. This virtual seminar presented various big data and data analytics experts from the University of Khartoum, Telecom and Postal Regulatory Authority of Sudan, Australia, AFROSAI-E, SAI India, BPK, and SAI Norway.

BPK’s participation in this activity also supports BPK’s mission to externalize its knowledge and experience in the international world and to create a pool of experts in certain fields in BPK. ●





## BPK STARTS ITS ROLE AS THE EXTERNAL AUDITOR OF INTERNATIONAL MARITIME ORGANIZATION (IMO)



World Maritime University and the International Maritime Law Institute welcomes the BPK during the audit process.

**T**he Audit Board of the Republic of Indonesia (BPK) held an entry meeting on the audit of the Financial Statements of World Maritime University (WMU) and International Maritime Law Institute (IMLI) for the fiscal year 2020. Entry meetings were held separately on Monday (1/2). This virtual activity is part of BPK's assignment as the external auditor to the International Maritime Organization (IMO) for the period 2020-2023.

At the entry meeting with WMU management, BPK Secretary General Bahtiar Arif, who also acts as the Person in Charge for the BPK Audit of the 2020 IMO, conveyed five main points related to BPK's audit of WMU. First, with regard to the audit plan, which includes the scope, objectives, audit process, long-distance communication mechanism,

the responsibility of those charge with governance (TCWG) as well as the responsibility of the audit team and the management.

Other points raised were those that were needed in the remote audit process, the audit schedule, the problems that could be encountered during the audit, and the audit plan of Nippon Foundation's grant.

WMU President Cleopatra Doumbia-Henry welcomed BPK as an external auditor for 2020 WMU Financial Statements. Doumbia hopes that the results of the BPK audit can describe the overall management and financial accountability of the WMU, so that they can be used as inputs to improve governance of the WMU.

With regard to the points needed in the audit process, Doumbia expressed her commitment to provide the information and data needed by the external auditors' team. The

audit of the WMU Financial Statements will be conducted for two weeks from 1-12 February 2021. Opinions on these financial reports are to be submitted together with the submission of the Long Form Audit Report to the IMO Secretary-General on 12 March 2021.

On the same day, BPK also held an entry meeting with IMLI management, led directly by IMLI Director David Joseph Attard. As the same things conveyed at the WMU presentation, Bahtiar Arif also presented a number of points related to BPK's audit of IMLI, including the audit plan.

Bahtiar emphasized that even though the audit was conducted virtually, this would not affect the quality of BPK's audit results. This is because the audits carried out are based on the International Standards of Supreme Audit Institutions (ISSAI) and the International Standards on Auditing (ISA). BPK will also retain its independence. If problems and obstacles are identified in the implementation of audit, the audit team will immediately communicate with IMLI management.

In response to the presentation, David expressed his appreciation for the appointment of BPK as IMO's external auditor. In



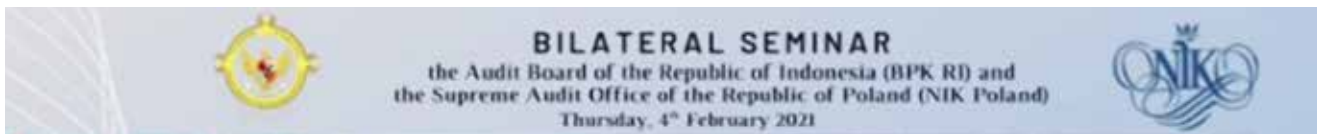
**Though the audit was conducted virtually, this would not affect the quality of BPK's audit results.**

order to ensure the smooth running of audit, his party will fully support the entire audit process carried out by BPK's audit team, including providing necessary information and data and the commitment of IMLI Management to hold virtual meetings every day during the audit.

The IMLI audit was conducted for a week and the audited financial reports were submitted to IMLI and IMO on 8 February 2021. The opinion on the financial statements, together with the Long Form Audit Report, will be submitted to the IMO Secretary General on 19 March 2021.

In addition to the Secretary General, the IMO external audit team, which included the Technical Controller, Nanik Rahayu; IT Technical Controller, Pingky Dezar Zulkarnain; Team Leader, Endra Novandy; and team members, as well as the Head of International Cooperation, Kusuma Ayu Rusnasanti, participated in these two entry meetings. ●





## BPK-NIK SHARES EXPERIENCE IN AIR POLLUTION AUDIT

BPK explained four findings related to air pollution control audit from land transportation at DKI Jakarta Provincial Government.

The Audit Board of the Republic of Indonesia (BPK) and the Supreme Audit Office of the Republic of Poland (NIK) held a bilateral seminar on the theme "Audit of Air Pollution". In the seminar which was held virtually on Thursday (4/2), BPK shared experiences on air pollution control audit from land transportation to the DKI Jakarta Provincial Government for the fiscal year of 2019. Meanwhile, NIK Poland shared the experience of air pollution cooperative audit conducted with 17 SAI members of the European Organization of Supreme Audit Institutions (EUROSAI).

Chairman of BPK, Agung Firman Sampurna, in his remarks explained that the audit of air pollution control from land transportation at the DKI Jakarta Provincial Government is part of BPK's efforts to provide added value to the audit for stakeholders through the Long Form Audit Report (LFAR).

Through LFAR, BPK conducts financial report audits and performance audit in the same period. The resulting report is a combination of financial audit reports and performance audit reports. Thus, in addition to providing opinions on financial reports, BPK also provides an assessment of the success or failure of government agencies in designing and implementing development programs that have an



■ Agung Firman Sampurna

impact on improving people's welfare.

"BPK has faced the needs that exist in the capital city of Jakarta, to enable Jakarta measure air quality and overcome the poor air quality," said the Chairman of BPK.

The Chairman of BPK added that based on the audit, the number of days with poor air quality conditions in Jakarta reached half of the year. Meanwhile, the DKI Jakarta Provincial Government has limited authority to implement regulations related to air quality control with the presence of satellite cities that have lower air quality.

Nevertheless, said the Chairman of BPK, the DKI Jakarta Provincial Government has made a road map related to reducing greenhouse gas emissions to ensure clean air for all residents in the Jabodetabek area. "People in Jakarta have actually responded well on the efforts to achieve good air quality, such as checking vehicle emissions and the use of public transportation," said the Chairman of BPK.

The results of audit related to air pollution control from land transportation at the DKI Jakarta Provincial Government were further explained by Board Member V BPK, Bahrullah Akbar.

Bahrullah explained that the LFAR pilot project has been implemented in five BPK



■ Marian Banas



■ Jolanta Stawska



■ Bahrullah Akbar



**In 2021, we plan to expand LFAR piloting in 16 BPK Regional Offices in Sumatra and Java. Also, it will be expanded in several BPK Regional Offices in Eastern Indonesia.**

Regional Offices which are under the Directorate General of Audit (AKN) V. Air pollution audit in DKI Jakarta is one of them.

Bahrullah explained, LFAR was initiated to provide added value to stakeholders. Through LFAR, said Bahrullah, BPK conducts financial report audits which also pay attention to the emphasis on performance aspects achieved by the entity during the audit period.

"This approach is an implementation of the spirit of the INTOSAI-P 12 which aims to encourage the government not only to obtain Unqualified opinion (WTP) on financial statements, but also optimally manage existing resources to improve public welfare," said Bahrullah.

Bahrullah explained there were four main findings related to the audit of air pollution control from land transportation at the DKI Jakarta Pro-

vincial Government. First, the DKI Jakarta Provincial Government has not yet had a comprehensive Grand Design for air pollution control in the effort to improve air quality. The preparation of the grand design has not yet accommodated a sustainable air pollution emission inventory database. In addition, the DKI Jakarta Provincial Government's Air Pollution Control (PPU) program is still sectoral and not yet integrated. As a result, planning and implementing pollution control programs are not directed and are not effective in improving air quality in DKI Jakarta. "Various agencies tend to work alone in dealing with air pollution," said Bahrullah.

The second finding is that the DKI Jakarta Provincial Government has not yet had an action plan and target for the conversion of Oil fuel to Gas fuel and regulations that support the implementation of an adequate environmentally friendly fuel policy. Further, monitoring and evaluation of the implementation of the Environmentally Friendly Fuel Program has not been running optimally in DKI Jakarta Province. As a result, the contribution of environmentally friendly fuel policies to air pollution control cannot be evaluated.

Third, the implementation of motor vehicle emission testing policies has not been optimal in efforts to improve air quality. The DKI Jakarta Provincial Government in determining activity targets and supporting activities has not yet been concrete towards measuring results, the motorcycle emission testing system has

not been updated, and regulations are incomplete and not fully implemented. As a result, the target for improving environmental quality from emission testing activities is not effective so that the reduction in air pollution levels from emission testing activities is not achieved.

Finally, the audit found that the implementation of an integrated public transportation system and traffic engineering management has not been optimal in supporting the reduction of air pollution in DKI Jakarta. Further, traffic engineering management patterns such as the implementation of odd-even plate number policies and motor vehicle-free day (HBKB) policies have not been optimal in supporting efforts to shift to public transportation. As a result, the achievement of targets for improving the quality of the environment through reducing the level of air pollution from the integration of the



public transportation system and traffic engineering management is hampered.

Bahrullah on that occasion, emphasized that BPK will continue to expand the application of LFAR. This year, LFAR is planned to be implemented in 16 BPK Regional Offices.

"In 2021, we plan to expand LFAR piloting in 16 BPK Regional Offices in Sumatra and Java. Also, it will be expanded in several BPK Regional

Offices in Eastern Indonesia," said Bahrullah.

The bilateral seminar which was attended by around 90 participants was also attended by the President of NIK, Marian Banas. Marian Banas in his speech expressed his appreciation to BPK for holding a seminar related to air pollution audits. He hopes that the active relationship between the two SAIs can also improve relations between Indonesia and Poland.

Moreover, Director of the Regional Branch of NIK in Krakow, Jolanta Stawska in his presentation explained, the implementation of air pollution audit by NIK focuses on the efforts of public entities to take effective and efficient actions to protect air from pollution. On this occasion, Jolanta Stawska also shared experiences in the implementation of air pollution cooperative audit projects by NIK along with 17 EUROSAI member countries. ●

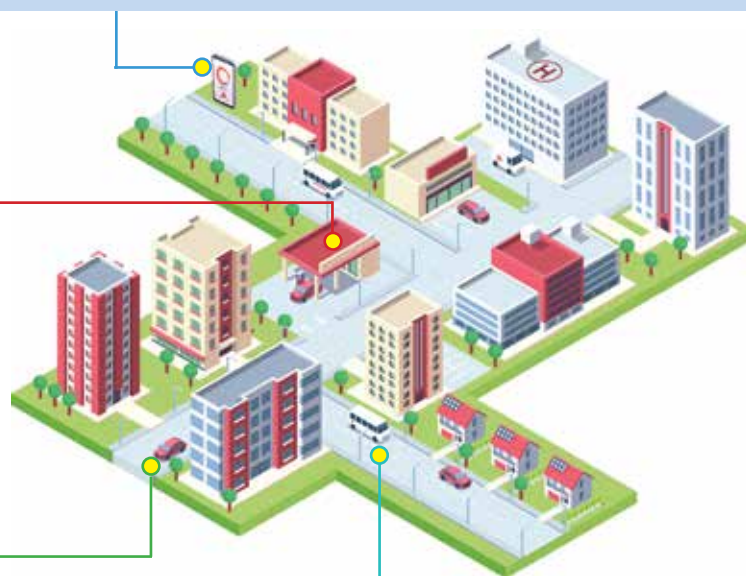
## BPK AUDIT REPORT

The audit shows that the air pollution control from land transportation still needs to be improved by considering the main problems as below:

DKI Jakarta Provincial Government has not yet had an action plan and target for the conversion of Oil fuel to Gas fuel and regulations that support the implementation of an adequate environmentally friendly fuel policy. Further, monitoring and evaluation of the implementation of the Environmentally Friendly Fuel Program has not been running optimally in DKI Jakarta Province. As a result, the contribution of environmentally friendly fuel policies to air pollution control cannot be evaluated.

The implementation of motor vehicle emission testing policies has not been optimal in efforts to improve air quality. The DKI Jakarta Provincial Government in determining activity targets and supporting activities has not yet been concrete towards measuring results, the motorcycle emission testing system has not been updated, and regulations are incomplete and not fully implemented. As a result, the target for improving environmental quality from emission testing activities is not effective so that the reduction in air pollution levels from emission testing activities is not achieved.

DKI Jakarta Provincial Government has not yet had a comprehensive Grand Design for air pollution control in the effort to improve air quality. The preparation of the grand design has not yet accommodated a sustainable air pollution emission inventory database. In addition, the DKI Jakarta Provincial Government's Air Pollution Control (PPU) program is still sectoral and not yet integrated. As a result, planning and implementing pollution control programs are not directed and are not effective in improving air quality in DKI Jakarta.



The implementation of an integrated public transportation system and traffic engineering management has not been optimal in supporting the reduction of air pollution in DKI Jakarta. Further, traffic engineering management patterns such as the implementation of odd-even plate number policies and motor vehicle-free day (HBKB) policies have not been optimal in supporting efforts to shift to public transportation. As a result, the achievement of targets for improving the quality of the environment through reducing the level of air pollution from the integration of the public transportation system and traffic engineering management is hampered.

Source: IHPS | 2020

## BPK VICE CHAIRMAN ENCOURAGES THE UN SUPERVISORY BODIES TO STRENGTHEN COORDINATION

With the election of BPK Vice Chairman as Vice-Chair of the UN IAAC, Indonesia can play a bigger role and contribute more in enhancing and facilitating supervisory cooperation among bodies under the auspices of the UN.



**V**ice Chairman of the Audit Board of the Republic of Indonesia (BPK) Agus Joko Pramono as Vice-Chair of the Independent Audit Advisory Committee (IAAC) of the United Nations (UN) attended the 53rd Meeting of the UN IAAC on 17-19 February 2021 virtually. On 11 December 2020, he was elected as IAAC Vice-Chair starting from 1 January 2021.

The meeting was led by IAAC Chair Janet St Laurent (United States) and was attended by all UN IAAC members, namely Dorothy A. Bradley (Belize), Anton V. Kosyanenko (Russia), Imran Vanker (South Africa), and IAAC Executive Secretary Moses Bamuwamye. The purpose of this meeting was to approve summaries of previous IAAC meeting and discuss budgets for peacekeeping operations for the period of July 2021 to June 2022.

Furthermore, the meeting discussed the la-

test development from the 75th General Assembly with regard to financial position as a result of the pandemic, OIOS 2022 work plan and capacity gap at OIOS division, as well as coordination and communication among supervisory bodies under the auspices of the UN.

BPK Vice Chairman conveyed his input on the importance of priority options in dealing with the current financial position faced by the UN as a result of the COVID-19 pandemic. He also suggested the need to strengthen coordination among supervisory bodies in the UN to enhance accountability and governance.

With the election of BPK Vice Chairman as Vice-Chair of the UN IAAC, Indonesia can play a bigger role and contribute more in enhancing and facilitating supervisory cooperation among bodies in the UN. Moreover, Indonesia can help ensure management compliance to the supervision result and recommendation from other oversight bodies. Institution-wise, this role reinforces BPK's commitment to contribute as a manifestation of efforts to support the optimization of Indonesia's foreign policy and improve BPK's image as an institution with international recognition. ●



## BPK STARTS AUDITING IMO FINANCIAL REPORTS

IMO Secretary General Kitack Lim hopes that the audit report submitted by BPK will assist IMO in improving its accountability and quality as a United Nations-accredited international organization.

**T**he Audit Board of the Republic of Indonesia (BPK) has begun its work as an external auditor for the International Maritime Organization (IMO) for the 2020-2023 period. On Tuesday (2/3), BPK also held a virtual entry meeting or initial briefing on the IMO financial report for the 2020 fiscal year.

The audit of IMO's financial reports lasted four weeks, from March 1 to March 26, 2021. Meanwhile, the opinion on financial statement is scheduled to be submitted to IMO on May 7, 2021, along with the Long Form Audit Report (LFAR).

In the entry meeting activity, BPK Secretary General Bahtiar Arif conveyed six main points

related to BPK's audit of the IMO, namely the audit purpose, audit scope, audit schedule, the most recent audit team composition, the remote audit process caused by the Covid-19 pandemic, and the current status of the audit process that has been carried out.

In his presentation, Bahtiar, who also serves as the Person in Charge for BPK's audit of IMO's financial statement for the 2020 fiscal year, explained that, as with financial audits in general, the goal of BPK's audit of IMO is to obtain adequate assurance that the financial statements as a whole are free of misstatement, whether caused by fraud or error.

"Then, providing an opinion on whether the financial statements presented are in accordance with the applicable financial re-

porting framework, and report the financial statements in accordance with the auditor's findings," Bahtiar explained.

Bahtiar also informed that the 2020 IMO auditor team had been expanded, with R. Yudi Ramdan Budiman serving as Deputy in Charge of Audit.

Concerning the current status of the IMO audit process, Bahtiar stated that the BPK audit team had completed financial audits of the World Maritime University (WMU) and the International Maritime Law Institute (IMLI). The two entities' audited financial statements have been consolidated with IMO's financial statements. Audits of WMU and IMLI are part of BPK's role as IMO's external auditors.

Bahtiar also explained audit procedures during the initial briefing activity. Because the Covid-19 pandemic is still hit the world, BPK will apply remote audits. As a result, he emphasized how critical it is for the audit team to have access to the IMO information system. The audit team significantly needs IMO Management's assistance to keep the audit running smoothly. This statement will also be communicated to the IMO Council, as those charged with Governance IMO.



**As with financial audits in general, the goal of BPK's audit of IMO is to obtain adequate assurance that the financial statements as a whole are free of misstatement, whether caused by fraud or error.**

Director of IMO's Administrative Division, Arsenio Dominguez, welcomes BPK as an external auditor to conduct an audit of IMO's 2020 financial statements. Dominguez hopes that the results of BPK's audit will describe IMO's overall financial management and accountability, including audited financial reports from WMU and IMLI, which will be included in IMO's consolidated financial statements.

Concerning the audit process, Dominguez expressed his willingness to meet BPK audit team's requirements for documents, information, data, and access.

The IMO external auditor team, which included the Deputy in Charge, Technical Controller Nanik Rahayu, Team Leader Endra Noviandy, and team members, also participated in this entry meeting session. ●



## THE IMPORTANCE OF DIVERSITY AND INCLUSION IN ORGANIZATION

The Oxford Dictionary defines inclusion as a practice or policy that provides equal access to opportunities and resources for people who may be excluded or marginalized.



■ Dadang Ahmad Rifa'i



■ ANAO delegation

The Audit Board of the Republic of Indonesia (BPK) and The Australian National Audit Office (ANAO) hold virtual discussions on diversity and inclusion in the public sector. The discussion that was held on February 10th, 2021 aims to share knowledge and insights and discuss the benefits and challenges of implementing a diversity and inclusion strategy in a dynamic environment.



Kristian Gage, ANAO Senior Advisor for BPK, represented ANAO in this discussion. Meanwhile, BPK was represented by the Director of Human Resource (HR) Bureau, Dadang Ahmad Rifa'i, and other HR Bureau officials. In addition to that, it was also attended by the Director of Public Relations and International Cooperation Bureau, Selvia Vivi Devianti, along with officials and staffs of the Public Relations and International Cooperation Bureau. The discussion was also attended by represen-





tatives from Prospera (Indonesia-Australia Partnership Program for the Economy).

ANAO in his presentation explained that, the Diversity Council of Australia defines diversity as a unique difference between people in the way they identify which can shape the way they perceive and perceive the world and their workplace. Moreover, it is related to how other people perceive and treat them.

This can be related to social identity, namely ethnicity, religion, sexual orientation, gender, socio-economy, and others. Then, regarding professional identity (profession, education, work experience, organizational level, and others). Workplace diversity means that an organization, such as ANAO or BPK, employs a group of people who reflect the society in which the organization is located and operates.

Meanwhile, the Oxford Dictionary defines inclusion as a practice or policy that provides equal access to opportunities and resources for people who may be excluded or marginalized, such as those with physical or mental disabilities, also members of other minority groups. Inclusion in the workplace is achieved when various people feel that they are respected, connected, and feel accepted, can contribute to the organization, and have progress in their careers.

Currently, diversity and inclusion (DI) has been implemented at ANAO. According to ANAO, there are many benefits that can be obtained from implementing DI. The first benefit is greater access to



**Applying DI in the workplace allows diverse minds to flourish and encourages innovation and creativity.**

talented employees. Second, greater employee performance and productivity. Furthermore, there is a lower risk of discrimination and harassment in the workplace, more innovative thinking and less groupthink, also an improved health and well-being of staff.

From the perspective of public services, DI will provide benefits for maintaining the main/basic values, increasing policy effectiveness, improving the quality of public services, and increasing social mobility.

Meanwhile, the Prospera Team (Indonesia-Australia Partnership Program for the Economy) presented several reasons behind the need to promote DI in the Indonesian public sector. First, the female labor force participation rate is still low, namely 54 percent compared to men, which was 82 percent. That percentage is much lower than Vietnam (64 percent) and Thailand (59 percent). Women are more likely to work in sectors affected by the Covid-19 pandemic, namely hospitality, health, trade and manufacturing.

According to Prospera, DI is a must in a democratic country, where the public



■ Kepala Biro Humas dan KSI Selvia Vivi Devianti



■ Prospera delegation, Hana Hanifah

sector must reflect the composition of the people it serves. Diverse and inclusive public sector institutions lead to more effective and inclusive policies and public service delivery.

In the private sector, the International Labor Organization (ILO) in collaboration with Investing in Women conducted a survey in 2020 of 416 companies and 40 thousand workers to understand the factors that influence women's retention and the impact of DI on business performance. The research shows that DI initiatives will improve business outcomes. As many as 66 percent stated that increased profitability and productivity as well as greater creativity, innovation and openness. In addition, 66 percent reported increased ability to attract and retain talent.

The discussion went very interesting. Many questions were delivered by the participants from BPK to ANAO and the Prospera team. In general, the discussion resulted in several conclusions. First, di-

versity refers to the characteristics or characteristics that make an individual unique and different from other individuals. Diversity can be related to social identity (ethnicity/culture, age, gender, religion, etc.) and professional identity (profession, education, work experience, work field, etc.). Whereas, inclusion is a social behavior or norm that ensures people feel accepted, respected and connected. To conclude, applying DI in the workplace allows diverse minds to flourish and encourages innovation and creativity. Employees can also present themselves in their best work and encourage them to work hard to achieve organizational goals.

The results of Prospera's 2020 research on the position of women in structural positions (Echelon I-IV) in the Indonesian public sector show that the number of women holding structural positions is lower than men. The higher the level of structural positions, the smaller the percentage of women's representation. Glass ceiling resistance experienced by women since occupying the Echelon IV level. This also happened at BPK.

As a follow-up to this activity, the HR Bureau will hold an internal discussion to discuss the DI strategy. The DI strategy has actually been implemented by BPK, but has not yet been legalized through a specific policy. Another important thing to do is how to emphasize the importance of DI for the BPK organization to the BPK High-level Officials and top management.

Further, the HR Bureau, the Public Relations and International Cooperation Bureau along with ANAO will schedule further discussions if needed to discuss matters that still need to be clarified from both ANAO and Prospera. Meanwhile, the Director of Public Relations and International Cooperation, Selvia Vivi Devianti, hoped that the HR Bureau can document the DI strategy in BPK to be used as material for external parties, in order to externalize BPK's capacity. Thus, it is hoped that BPK will become a trendsetter in implementing DI strategy at the national agency/institutional level. ●





## Background – The ANAO’s IT audit journey



dit in ANAO as subject matter experts (SMEs). They are Elenore Karpfen, Senior Director of Systems Assurance and Data Analysis Group and Dale Stoddart, Senior Director of Professional Services and Relationships Group.

The focus of the training was to understand the role of IT audits to support financial audits and the approaches used to assess the design and implementation of IT general controls (ITGC). Furthermore, it focused on detailed testing of operational effectiveness.

This bilateral activity was opened by a remarks from ANAO’s Senior Advisor to BPK



■ ANAO delegation

Kristian Gage, and held in three sessions. In the first session, BPK’s IT auditor Yusminarni Syam Zendrato presented the overview of IT functions to support auditing. Whereas in the second and third session, SMEs from ANAO discussed on the topic “Scoping IT audit work and assessing the impact of the results”.

One of the information presented by ANAO was the relevance of IT audit to financial audit. ANAO believed that IT audit is important since IT is a part of the auditee environment. In addition, IT poses risks to the entity, particularly risks related to how an entity manages and reports financial issues. IT is also said to affect the effectiveness of controls carried out by an organization. According to ANAO, the design of a control becomes the core of their risk assessment. ●



## BPK HAS AUDITED FOUR AGENDAS OF THE MEDIUM-TERM NATIONAL DEVELOPMENT PLAN (RPJMN) OF 2020-2024

One of the agendas audited is to strengthen the economic resilience for quality growth. There are 39 audit reports (LHPs) related to this topic.

**T**he Audit Board of the Republic of Indonesia (BPK) has submitted the Summary of 2020 Semester I Audit Results (IHPS) to President Joko Widodo, the House of Representatives (DPR), and the Regional Representatives Council (DPD) in November 2020. IHPS I 2020 is presented based on grouping themes and focus of audit in accordance with BPK Strategic Plan of 2020-2024 which refers to the Medium-Term Development National Plan (RPJMN) 2020-2024.

BPK Director General of Audit Planning, Evaluation and Development (Kaditama Revbang) B. Dwita Pradana, explained at the Media Workshop on IHPS I 2020 held on Tuesday (29/12/2020) that the 2020-2024 RPJMN contains seven national development agendas. "Of the seven agendas, four of which have been audited by BPK," said Dwita.

He said that one of the agendas audited was to strengthen economic resilience for quality growth. There are 39 audit reports (LHP) related to this. Other agendas include an agenda related to increasing the quality and competitive human resources (one LHP), a related agenda to strengthen infrastructure to support economic development and basic services (three LHPs) and an agenda related to environmental building, increasing disaster resilience and climate change (two LHPs).

Dwita said that IHPS I 2020 is a



■ Member III BPK Achsanul Qosasi as an invitee in the Media Workshop.

summary of 680 BPK LHPs in the central government, local governments as well as BUMN (State-Owned Enterprise) and other agencies. The LHP includes 634 LHPs for financial audits, 7 LHPs for performance audits and 39 LHPs for specific audits (PDTT).

He explained that audit of the financial reports presents an opinion on financial statements. In the meantime, a performance audit provides conclusions and recommendations on the implementation, services, activities and programs carried out by Government. While, PDTT provides conclusions on



■ Interviewees and invitees in the Media Workshop.

application of the internal control system and on compliance with statutory provisions.

In addition to these three types of audits, IHPS I 2020 includes the results of investigative audits, calculation of state losses (PKN), provision of expert statements (PKA) and audit results on accountability for receiving and spending political party support from both APBN and APBD sources.

Dwita said that BPK audit was carried out in the first semester of 2020 in the Covid-19 pandemic situation. BPK conducted audits by implementing health protocols by maximizing the use of alternative procedures, including the use of information technology in audit activities. In addition, BPK has issued a number of audit implementation guidelines and audit technical guidance during this special condition of Covid-19 pandemic, to ensure the quality of audit is consistent with the standards.

In accordance with the mandate of Article 18 of Law Number 15 Year 2004 concerning Audit of State Financial Management and Responsibility, said Dwita, the submission of IHPS to the representa-



**BPK realizes that the role of the media in supporting BPK's duties is very important so far, especially as a channel for spreading information from BPK regarding the audit results and BPK other achievement to be recognized by BPK's stakeholders, especially the public.**

tive institutions, presidents and regional heads is no later than 3 months after the end of semester. "Based on this law, BPK has fulfilled statutory mandate to compile and deliver IHPS in a timely manner," he said.

At the opening of the workshop, BPK Secretary General Bahtiar Arif said that this activity was intended to provide mass media with an explanation of the results of BPK audit on management and accountability of state finances conducted in the first semester of 2020. In addition, the aim of the workshop was to explain the audits that became public attention. By carrying out this activity, BPK expected to gain the views of the media and to obtain input on the results of the BPK's audit.

"BPK realizes that the role of the media in supporting BPK's duties is very important so far, especially as a channel for spreading information from BPK regarding the audit results and BPK other achievement to be recognized by BPK's stakeholders, especially the public," he said. ●



■ BPK Board Member III also Chair of MKKE, Achsanul Qosasi

## BPK UPHOLDS CODE OF ETHICS THROUGH MKKE

MKEE will not hesitate imposing a permanent dismissal (termination) as auditors for severe ethical misconducts.

Every employee of the Audit Board of the Republic of Indonesia (BPK) is required to conduct and maintain BPK's core values, namely Independence, Integrity and Professionalism (IIP). These core values must be adhered to in order to produce quality audits. Considering how important it is, BPK actively and firmly enforces the Code of Ethics through the Honorary Council on Code of Ethics (MKKE).

BPK Board Member III also Chair of MKKE Achsanul Qosasi explained that BPK's Code of Ethics is governed in BPK Regulation Number 4 of 2018 regarding BPK's Code of Ethics. It regulates obligations and prohibitions to each and every BPK Board Member as well as all BPK auditors, and the types of punishments imposed by MKKE should these obligations or prohibitions are violated.

"This code of ethics serves as a compulsory guideline for employees in order to assure that audits have been conducted independently, with integrity and professionally. Thus, it requires

a joint commitment from all BPK stakeholders to uphold IIP (the core values), not only from BPK side," emphasized Achsanul in his keynote speech at a workshop on Handling Alleged Ethical Violations and Gratification Control for Auditors held on 21 January 2021.

Achsanul added that MKKE is a system to process allegations of ethical misconducts committed by Board Members or auditors in BPK. BPK will not hesitate imposing punishment to the person proven to have violated the code of ethics based on MKKE assessments.

He emphasized that BPK is very serious and actively following up on various violations found. In fact, MKKE will not hesitate imposing a permanent dismissal (termination) as auditors for severe ethical misconducts that have negative impacts to the dignity, honor, image and credibility of BPK. "Or even to Indonesia," Achsanul stressed.

For this reason, based on Article 30 of Law Number 15 of 2006 concerning the Audit Board of the Republic of Indonesia, BPK's Honorary



■ BPK Board Member I also Member of MKKE, Hendra Susanto

Council on Code of Ethics was established, with a fairly independent composition in membership, encompassing elements from BPK Board Members, professional, and academic.

“As leaders in BPK, we have strong commitment to ensure that integrity enforcement in BPK is enforced objectively, regardless of personal influence and interests. Therefore, we had agreed that MKKE consist of 5 members with a composition of 2 members from among BPK Board Members and 3 members from outside BPK. Selection of members from outside BPK was conducted carefully and thoroughly from a list of criteria such as high independence, quality, honor and integrity, both from the academics and professional elements,” he elaborated.

In this workshop, he requested all auditors to uphold their obligation in keeping the honor and reputation of BPK. To support this effort, BPK has established a whistleblowing system (WBS) application that could be accessed by anyone wanting to submit a complaint/report on allegations of violations of BPK code of ethics.

“Of course, the complaint/report must be based on supporting evidence, not merely ac-

cusation nor slender,” he added.

On a different occasion, BPK Board Member I Hendra Susanto as MKKE member stated that BPK’s code of ethics is extremely important not just to Executives and auditors in BPK, but also to the representation agencies and BPK’s audited entities.

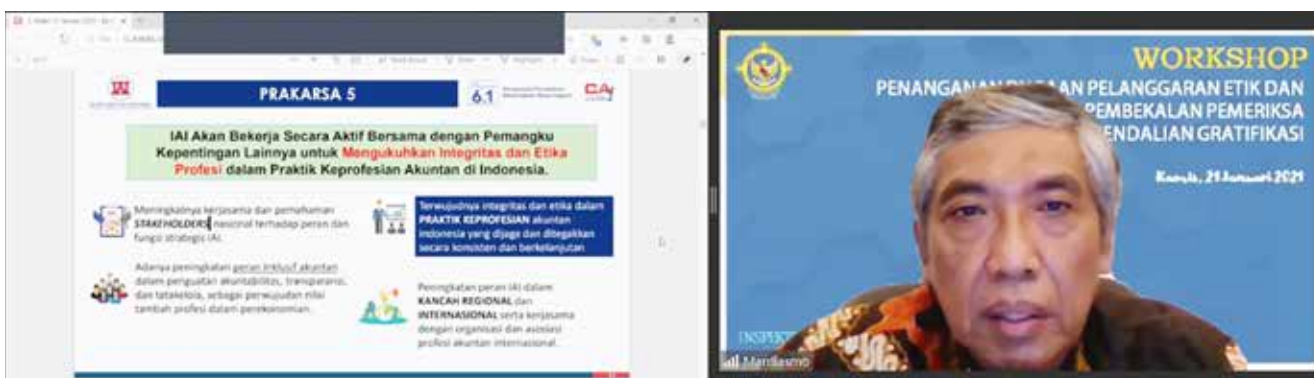
He added, the current era of digital transformation and Industrial Revolution 4.0 demanded BPK to be IT savvy and be more careful in behaving and keeping morals in check. It is because BPK’s stakeholders still need an audit institution that is credible and trustworthy.

“For this reason, we need to constantly remind ourselves of the enforcement of code of ethics regulation, so everyone of us know, understand and abide by the guideline in carrying out our day-to-day duties,” conveyed BPK Board Member I in his keynote speech at the opening ceremony of the workshop on Handling Alleged Ethical Violations and Gratification Control for Auditors held virtually on Tuesday, 26 January 2021.

He explained further that Integrity, Independence and Professionalism must be continuously strengthened through various forms, including instructions, meetings, gatherings, etc. Quality control and quality assurance are strictly carried out based on international standards and best practices. Possibilities of risks in each audit phase, from planning to reporting and audit results follow-up, must always be identified and mitigated.

### Integrity and Professionalism

MKKE Member from the professional element who is also the Chair of national Executive Board of the Indonesian Accountants Association (IAI), Mardiasmo, mentioned the similarity



■ Member of MKKE, Mardiasmo



■ I Nyoman Wara

of BPK’s core values to that of IAI’s. Especially on integrity and professionalism, moreover considering the fact that IAI is a professional association.

Globally, IAI has six initiatives that members must follow, one of which is Initiative IV: Actively promoting accountants as agents of trust in guarding the integrity of financial statements. Then, there is Initiative V in which IAI is actively work together with other stakeholders in strengthening the integrity and professional ethics of accountants in Indonesia. “Initiative IV is repeated over and over again to uphold integrity, since integrity is closely related to public image, and public image shows trust that must be protected. Similarly, Initiative V is also important given that auditing is a profession that must be well-guarded,” he expressed.

IAI also has Initiative VI in which it provides professional accountants, users of professional accounting services and users of financial statement with legal protection. He also reminded



■ Edward G.H. Simanjuntak

participants of Initiative I and VI concerning integrity and professionalism that are top-down in nature. Meaning that the leader holds the key to carry out his obligations, which will be followed by his subordinates. “Thus, subordinates cannot play games,” he warned.

He emphasized that IAI has a governing board, an ethical committee and a disciplinary enforcement board. “In a nutshell, IAI is also the basis of disciplinary enforcement where administrative and professional sanctions exist,” he ended. ●

## Honorary Board of Code of Ethics



CHAIRMAN AND CONCURRENTLY A MEMBER

Achsanul Qosasi  
Board Member III of BPK



MEMBER

Hendra Susanto  
Board Member I of BPK



MEMBER

Indriyanto Seno Adji  
Academics



MEMBER

Rusmin  
Academics



MEMBER

Mardiasmo  
Professional

## MOU WITH ACCOUNTING PROFESSION: A SYNERGY

In addition to organizing seminars, BPK signed MoUs with IAI and IAPI.



■ Chairman of BPK, Agung Firman Sampurna

The Audit Board of the Republic of Indonesia (BPK) held an online seminar with the Institute of Indonesia Chartered Accountants (IAI) and the Indonesian Institute of Certified Public Accountants (IAPI), in Jakarta, Tuesday (16/3). This seminar carries the theme of “Big Data Analytics (BDA) in Audit”.

In his remarks, Chairman of BPK, Agung Firman Sampurna, said that the development of information technology has enabled BPK to work not only using a combination of data obtained through its authority. It also allows BPK to use other available data in the public domain, such as on social media, online news, and other portals that contain data.

The amount of this data provides opportunities for BPK to take the benefit from the concept of big data. The formation of big data is usually accompanied by BPK’s ability to analyze the data in order to be able to provide added value to the work being carried out.

The current development of information technology, said Chairman of BPK, has enabled institutions including BPK to use statistical algorithm-based analysis models within the Big Data Analytic (BDA) framework to perform data analysis that is more than just applying computer-based audit techniques.

Therefore, through the application of information technology and the use of BDA, BPK is expected to become the center of state financial analysis.

“In the end, the auditors are required to have an adequate understanding regarding the use of data and how to analyze big data,” he said at the activity attended by Vice Chairman, Agus Joko Pramono, Board Member III, Achsanul Qosasi, and Board Member VII BPK, Daniel Lumban Tobing. The online seminar moderated by the Director of Public Relations and International Cooperation Bureau, Selvia Vivi Devianti, presented the Director General of Audit II BPK, Laode Nusriadi, Member of the IAI National Executive Board, Isnaeni Achdiat, and IAPI National Executive Board Member, Steven Tanggara, as resource persons.

On the same occasion, a Memorandum of Understanding (MoU) signing ceremony between Chairman of BPK and Chairman of the National Executive Board of IAI, Mardiasmo, and Chairman of IAPI, Tarkosunaryo was also held. The signing of the MoU between BPK



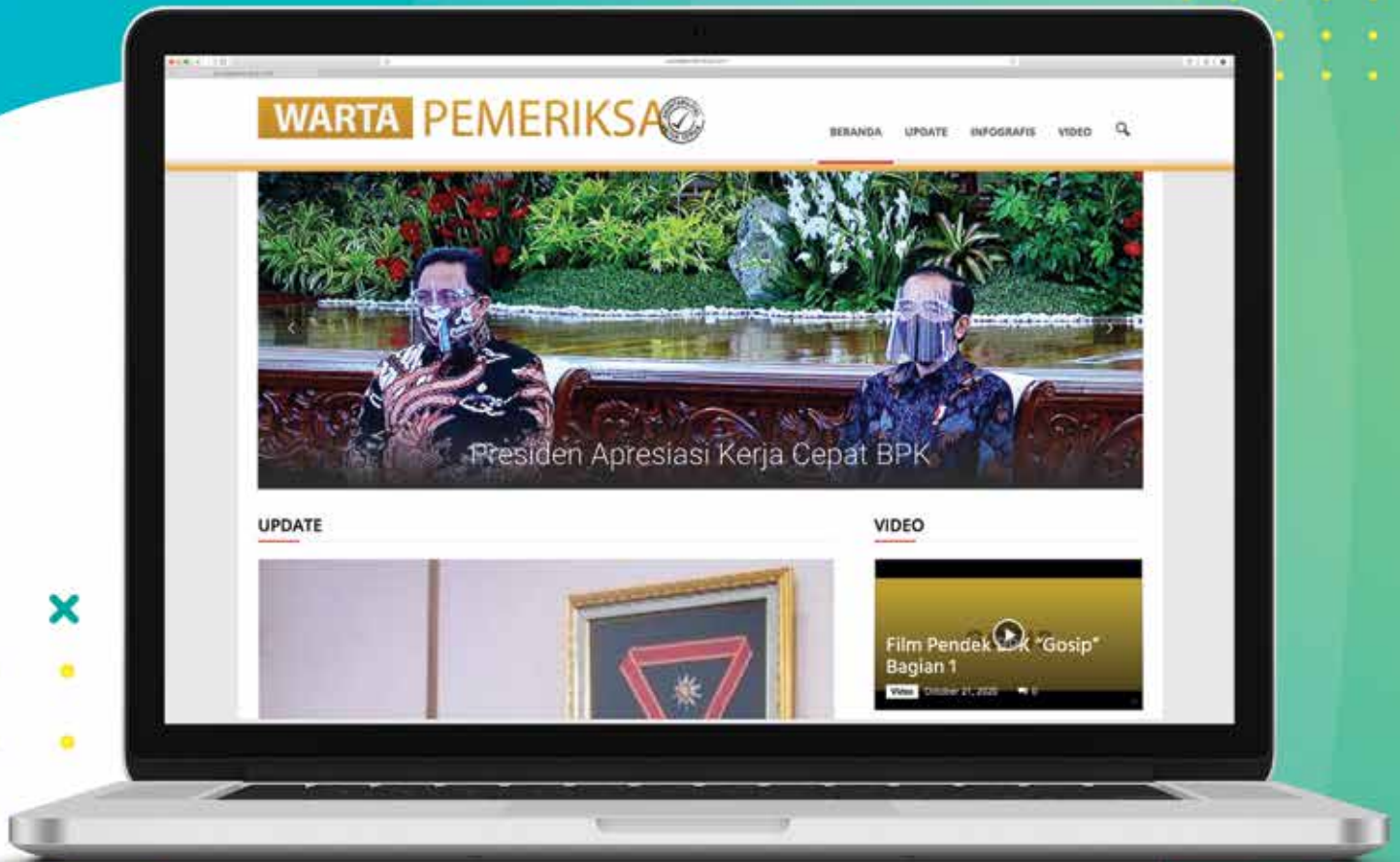
**In the end, the auditors are required to have an adequate understanding regarding the use of data and how to analyze big data.**

and IAI, and BPK and IAPI is part of the implementation of BPK’s strategic plan, aiming to optimize the implementation of BPK’s duties and functions, as well as the duties and functions of IAI and IAPI.

The MoU agreed upon cooperation on improving the accountant profession in auditing the management and responsibility of state finances to encourage the achievement of the state goals. This MoU is intended to increase the role of the accountant profession in auditing the management and responsibility of state finances and to increase the activities of the accounting professions that are spread throughout Indonesia in order to improve the competence and professionalism of accountants. Attending both events were BPK High-level Officials, as well as the IAI and IAPI Executive Boards. The online seminar was attended by auditor within BPK and members of IAI and IAPI throughout Indonesia. ●



■ The signing of the Memorandum of Understanding (MoU) between BPK and IAI, and BPK and IAPI.



# DIGITAL WARTA PEMERIKSA *Has Been Published*

— LATEST NEWS OF BPK —

**Digital Warta Pemeriksa** will be easier and faster to reach you. This is BPK efforts to support the disclosure of public information for transparency and accountability.



BADAN PEMERIKSA KEUANGAN  
REPUBLIK INDONESIA



08111907010



**1-2** Consultation Meeting between BPK and Public Accounts Committee (BAKN) of the House of Representatives (DPR), 9 February 2021.

**3-4** BPK Chairman and Board Member I after conveying BPK Overview to the President of Indonesia at the State Palace, 21 January 2021.

**5** Technical Coordination Meeting on Financial Management and State-Owned Assets (BMN) attended virtually through Zoom application by BPK Vice Chairman, 8 February 2021.

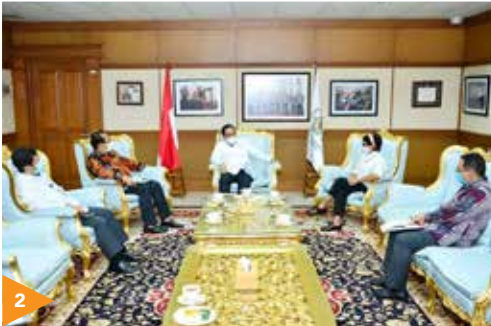
**6** Entry Meeting of Financial Audit on the Financial Reports of the National Police (POLRI) attended by BPK Board Member I, 10 February 2021.

**7** Opening Ceremony of CGCAE Training and Recognition Programme at the National Government Internal Auditor (BPKP), 1 February 2021.





1



2



3



4



5

**1** Working Meeting of Inspectorate on General Supervision (Rakerwas Itwasum) of Indonesian Police Department attended by BPK Chairman Agung Firman Sampurna on February 24th, 2021.

**2** A meeting of BPK and Ministry of Foreign Affairs discussing the BPK's role in international organizations, held on March 3rd, 2021.

**3** Courtesy call between BPK Chairman Agung Firman Sampurna and BPK Vice Chairman Agus Joko Pramono with the Ministry of State Apparatus Utilization and Bureaucratic Reform (KemenPanRB) on March 4th, 2021.

**4-5** Entry meeting of audit on financial statement of Regional Police of West Java attended by BPK Board Member I Hendra Susanto, February 18, 2021.

**6-7** The handing over of financial statement of Ministry of Communication and Information Technology by BPK Board Member III Achsanul Qosasi on 4 March 2021.

**8** The awarding of Role Model Medal (Satyalancana Wira Karya) and the hand of Performance Audit Report and Special-Purposed Audit of Ministry of Home Affairs by BPK Board Member V Bahrullah Akbar, held on 4 March 2021.

**9** A Synergy Forum between the Audit Board of the Republic of Indonesia and the Social Security Administrative Body which held to attain transparency and accountability of state finances attended by BPK Board Member III Achsanul Qosasi, 10 March 2021.

**10-14** The vaccination for BPK Chairman Agung Firman Sampurna and BPK Board Member V Bahrullah Akbar held on 5 March 2021, vaccination for BPK Board Member II Pius Lustrilanang held on 3 March 2021, and vaccination for BPK Board Member III Achsanul Qosasi as well as BPK Board Member IV Isma Yatun held on 2 March 2021.



# FLOW OF PUBLIC INFORMATION INQUIRY



Information and Communication Center (Pusat Informasi dan Komunikasi-PIK)  
The Audit Board of The Republic of Indonesia  
Jl. Gatot Subroto Kav. 31  
Jakarta Pusat 10210

Phone: (021) 2554 9000 ext. 3912  
Fax: (021) 5795 0288  
E-mail: [ksbhumas@bpk.go.id](mailto:ksbhumas@bpk.go.id)  
PO.BOX: 4300 JKT 10043  
Website: [www.bpk.go.id](http://www.bpk.go.id)

Service time  
Monday – Friday:  
9 am – 3 pm WIB

Break time  
Monday - Thursday:  
12 am – 1 pm WIB  
Friday:  
11.30 am – 1 pm WIB



#### Public:

- ◆ Directly visiting the BPK's Center of Information and Communication
- ◆ Via Telephone
- ◆ Via Fax
- ◆ Via mail (PO BOX)
- ◆ Website



#### Requirements:

- ◆ Fill in the form of Public Information Inquiry and Receipt of Submission of Public Information Documents
- ◆ Applicant shall submit documents:
  - Copy of Personal Identity (KTP);
  - Formal Letter on Inquiry of Information, if the inquiry from Institution/ Institution;
  - Deed of Establishment for Non-Governmental Organizations (NGOs) and Community Organizations (CSOs)



PIK officer will record the applicant personal detail and requested information, then proceed the request for information

The requirements are completed ✓



#### If the requirements are completed

PIK Officer will provide the requested information, along with the Receipt of Submission of Public Information Documents

The requirements are not completed ✗



#### If the requirements are not completed

PIK officer will clarify and ask the applicant to complete the requested documents



Now it's getting easier to access  
the information through...



**BPK RI Official**



**[www.bpk.go.id](http://www.bpk.go.id)**



**@bpkriofficial**



**@bpkri**



**08111907010**

BPK provides  
some communication channels  
as a commitment to promote  
accountability and information  
disclosure to engage communication  
with stakeholders.

