

SILVER WINNER
PRIA AWARD
2021

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Unqualified Opinion (WTP)
Does Not Mean Problem-Free



The Covid-19 pandemic is still a widely discussed issue even though it has now entered its second year in Indonesia since March 2020. People have been learning and getting used to adapt and carry on with health protocols. The same thing goes to the Audit Board of the Republic of Indonesia (BPK).

Although the pandemic is still ongoing, the BPK continues its audit tasks without compromising the quality. In fact, to be better than it was in 2020, in this second year of the pandemic, the BPK is now more prepared to live the new normal, starting from the audit planning, the audit process, up to the risks assessment that may arise during the audits conducted in the middle of the pandemic.

This, among others, is supported by the readiness of the big data analytics backing up all BPK activities. Besides, the BPK has also identified potential risks and analyzed their impacts whenever occurred, related specifically to the government's pandemic response and the national economic recovery (PC PEN).

This BPK's readiness is one of the main issues we prepared in this English version of *Warta Pemeriksa* of April-June 2021 periods. This edition will also present BPK's innovations to maintain the audit quality amidst the pandemic.

Still related to the pandemic, see also the editorial report on the government's performance that managed to maintain the unqualified opinion. The government succeeded to make such an achievement despite its various efforts to take to handle Covid-19 and its impacts.

President Joko Widodo (Jokowi) appreciated the fifth unqualified opinion given by the BPK. Even so, he conveyed that it is not the ultimate goal.

Instead, the ultimate goal to achieve is the transparent and accountable financial management. Therefore, the President also encouraged every element of the government to continue to improve the quality of budget management, so that it can be more useful and beneficial for the community.

In addition, we also prepared a report on the BPK Corporate University (Corpu) officially established on April 8, 2021. It is one of BPK's responses in facing challenges related to human resources in auditing state finances at the national and global levels.

Also check out an interesting report on BPK's efforts to reach all of its stakeholders. Starting from the use of mainstream media up to the use of social media that can directly reach the public. These usages are not only due to local stakeholders. You will be able to see how the BPK is trying to reach the wider international community.

There are much more interesting information we prepared in this edition. Please enjoy. ●

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

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ENSURING THE RIGHT AMOUNT AND TARGET OF ELECTRICITY SUBSIDIES

The majority of BPK audit findings are related to the management of non-compliance resulting in incorrect energy volumes and cost values, which are the primary components used to determine the value of electricity subsidies.

The government spends up to tens of trillions of rupiah on electricity subsidies per year. Subsidies are given to help people who are unable to afford their energy bills. BPK as the supreme audit institution, continues to oversee the realization of the subsidy budget in an accurate, targeted, and timely manner.

BPK Acting Director General of Audit VII, R. Aryo Seto Bomantari says that it is very important to audit electricity subsidies. In terms of value, the amount of the electricity subsidy budget is quite large. In the 2020 State Budget, for example, electricity subsidy expenditure is IDR 54.8 trillion or 2.15 percent of the total

expenditure budget of IDR 2,540.4 trillion. The value of this budget has not differed much in the last five years.

At the end of March, Aryo explain *Warta Pemeriksa* that “energy subsidy spending, one of which is electricity subsidy spending, has the largest portion of total subsidy spending.”

According to Aryo, PT PLN (Persero) announces that revenue from electricity subsidies reaches IDR 51.7 trillion in 2019, accounting for 15.8% of total electricity sales of IDR 328 trillion. The 2019 compensation fund received by PLN from the government is also quite significant, reaching IDR 22.2 trillion. In terms of value, he further says, electricity subsidies audit is certainly important for the government and for PLN.

"The presence of electricity subsidies definitely affects the value of their expenses for obtaining electricity for the citizens of Indonesia, as the main consumers of PT PLN (Persero)'s services," he said.

Furthermore, the importance of energy subsidies, which accounts for 15.8% of PT (PLN) Persero's income, would undoubtedly affect PLN (Persero's) capacity to generate adequate and high-quality electricity. Of course, the government's payment of energy subsidies is also crucial to the availability of electricity.

The electricity subsidy audit conducted by AKN VII is a compliance audit conducted to support the audit of the State General Treasurer Financial Report (LKBUN) and the Central Government Financial Statement, says Aryo. Since this audit serves as a support for the LKBUN and LKPP audits, a detailed audit is conducted in the first semester, and a preliminary or first stage audit conducted in the second semester of the previous year.

The audit goal is to determine whether the measurement of electricity subsidies complies with current laws and regulations. This analysis would determine the amount of subsidies that the government can pay to businesses, in this case PLN. In addition, the audit is also carried

out to assess PLN's compliance with Government Regulation No. 14/2012 concerning Electricity Supply Business Activities, starting from the generation business to electricity sales business.

Therefore, the auditor assesses PT PLN's internal monitoring and implementation of good corporate governance. BPK performs reviews and corrections on the energy balance, prices, and PLN sales components in order to ensure that the measurement of electricity subsidies is accurate. The Minister of Finance's Regulation on procedures for supplying, estimating, paying, and accounting for electricity subsidies is one of the guidelines used to make corrections. This is done to ensure that the government's energy subsidy to PLN is fair.

The disparity between the cost of supplying electricity (BPP) and the cost of selling electricity (tariff) at PT PLN is the amount of electricity subsidies, according to him. To that end, the audit goal include determining the value of the BPP and the sales value of PT PLN.

In testing the BPP, BPK ensures that PLN expenditures can be calculated and those that cannot be calculated as BPP. BPK also ensures the amount of electricity produced and recorded in the energy balance to calculate the BPP per unit of electricity (kWh).

In testing the selling, BPK ensures the volume and rupiah value of electricity supplied to customers. The results of this test would produce a reasonable value for BPP and revenue, which may be the same as PT PLN (Persero) claim or may need to be corrected.

BPK will further determine the amount of electricity subsidies that government can pay based on BPP value and the audited sales value. In accordance with the provisions, government will pay electricity subsidies in stages throughout the year in accordance with the assertions and requests of PLN. "The results of BPK audit will be used as the basis for determining the final value of electricity subsidies and recognizing debts/receivables as the difference between more/less electricity subsidies paid by the government," he said.

Only the BPP and selling allocated by PLN to consumers in the subsidized tariff group are used to calculate the amount of electricity subsidies. PLN can apply an amendment to the old tariff to Government to be decided as the new tariff on a periodic basis, according to the provisions for the non-subsidized tariff class. If the tariff adjustment is not approved and there is a selling gap between the fixed rate and the rate that should be, the government will pay PT PLN (Persero) compensation funds in the sum of the sales value difference. In compliance with the provisions, BPK conducts tests on the estimation of non-subsidized tariff changes made by PLN and the amount of reimbursement funds that can be paid by the government, as part of the audit assignment for electricity subsidies.

In general, through the audits, BPK wants to ensure that the electricity subsidy has been realized in the correct amount, on time, and on schedule. "In the end, as with all expenditure realization, BPK wants to make sure that the realization of electricity subsidy spending improves people's welfare by providing reliable, high-quality, and long-lasting electricity," said Aryo.

BPK's Audit Findings

Based on the objectives and target of audit, BPK audit findings include non-compliance of the audited entities regarding revenue, energy volume and costs. This non-compliance is manifested in the form of corrections to the calculation and value of the subsidies that should have been paid and in the form of audit findings containing recommendations to be followed up by

the audited entity. This recommendation encourages the improvement of PT PLN (Persero) in carrying out the business of generation, transmission and distribution, as well as electricity sales.

The majority of BPK audit findings, according to Aryo, are linked to the management non-compliance, which resulted in incorrect energy volume and cost values as the key components deciding the worth of electricity subsidies. PT PLN (Persero) requires reliable risk management and internal control to ensure the implementation of good corporate governance in every line and minimize non-compliance, due to the complex organization of business entities and business processes in the supply and distribution of energy, as well as the broad coverage area of electric power services.



The results of BPK audit will be used as the basis for determining the final value of electricity subsidies and recognizing debts/receivables as the difference between more/less electricity subsidies paid by the government.

Apart from correcting the calculation of subsidies billed by BUMN operators, the results of the electricity subsidy audit also reveal problems in the implementation of strategic government policies relating to the production, supply and distribution of electricity subsidies. In the electricity tariff setting policy, for example, BPK also pays attention to the formulas used in calculating electricity tariff adjustments, especially for non-subsidized tariff categories. "This is to ensure that the Indonesian people have access to high-quality energy at reasonable rates, while business entities can sustain their financial efficiency," Aryo explained.

The recommendations produced by BPK through auditing existing electricity subsidies are short-term and long-term (systemic). In general, says Aryo, PT PLN (Persero) has followed up on BPK's recommendations regarding electricity subsidy audits so far. However, there are still follow-ups that do not match the recommendations because they require time and the involvement of external parties from PT. PLN (Persero). ●

Guarding State-Owned Enterprises (BUMN) and Region-Owned Enterprises (BUMD)

In addition to auditing financial statement, the Audit Board of the Republic of Indonesia (BPK) has the mandate to carry out performance audits and specific purposes audits (PDTT). Every year, performance audits and PDTT are also carried out on state-owned enterprises (BUMN) and region-owned enterprises (BUMD).

Based on Law Number 15 of 2004 concerning Audit of State Financial Management and Accountability, performance audit is an audit of the management of state finances which consists of auditing economic and efficiency aspects, as well as auditing effectiveness aspect. BPK carries out performance audits to identify and find problems that exist in the management of the entity's activities being audited. Furthermore, BPK can provide recommendations that are useful for improving the performance of the entity.

Meanwhile, PDTT is an audit that is carried out with a special purpose, outside of financial audits and performance audits. In accordance with the

purpose of the audit, the PDTT results are presented in two categories, namely the internal control system (SPI) and compliance with laws and regulations.

Acting Director General of Audit VII BPK, R. Aryo Seto Bo-mantari said, AKN VII throughout 2020 had audited 41 BUMN. "The audit consists of audit of the performance on 4 BUMNs and audit of compliance on 37 BUMNs," said Aryo to the *Warta Pemeriksa*, March 2021.

Meanwhile, the Director General of Audit V BPK, Akhsanul Khaq said, in 2020, AKN V conducted oil and gas BUMD performance audits on 9 entities, audit of the performance on 8 regional development banks (BPD), and compliance audit on 1 entity. As for the audit of BUMD owned by DKI Jakarta Province, the audit was carried out on 5 entities, namely PT Food Station Tjipinang Jaya, PT JIEP, PD Pasar Jaya, PT Transportation Jakarta, and PT Jakarta Propertindo.

"In the future, we will try to identify all BUMDs in the AKN V area," said Akhsanul. ●

AUDIT OF BUMN IN 2020

PDTT

Perum Bulog	PT Jamkrindo (Persero)	PT Petrokimia Gresik
Perum Perhutani	PT Jasa Marga	PT PLN
PT Angkasa Pura I	PT Kawasan Berikat Nusantara	PT PLN Batubara
PT Angkasa Pura II	PT Kereta Api Indonesia	PT PNM (Persero)
PT Bank Mandiri (Persero)	PT Kimia Farma (Persero)	PT Pupuk Iskandar Muda
PT Bank Negara Indonesia (Persero)	PT KPBN	PT Pupuk Kaltim
PT Bank Rakyat Indonesia	PT Pegadaian (Persero)	PT Pupuk Kujang
PT Bank Tabungan Negara	PT Pelabuhan Indonesia II	PT Pupuk Sriwijaya Palembang
PT Biofarma (Persero)	PT Pelayaran Nasional Indonesia	PT Riset Perkebunan Nusantara
PT Bukit Asam	PT Perkebunan Nusantara XIV	PT Taspen (Persero)
PT Hutama Karya	PT Pertamina	PT Telekomunikasi Indonesia
PT Indofarma (Persero)	PT Pertamina Hulu Energi	
PT Inhutani II dan III	PT Pertamina Patra Niaga	

Performance Audit

● PT Askrindo (Persero)

● PT Patra Jasa

● PT Reasuransi Indonesia Utama

● SKK Migas

PERFORMANCE AUDIT RESULTS (IHPS I 2020)

Object of audit:

- Effectiveness of performance improvement at PT Perkebunan Nusantara Group.
- Effectiveness of the implementation of the financial and asset management controlling function.

Number of findings : **33**
 Ineffectiveness problems : **32**
 Loss problems : **1 problem, worth 16.8 billion**

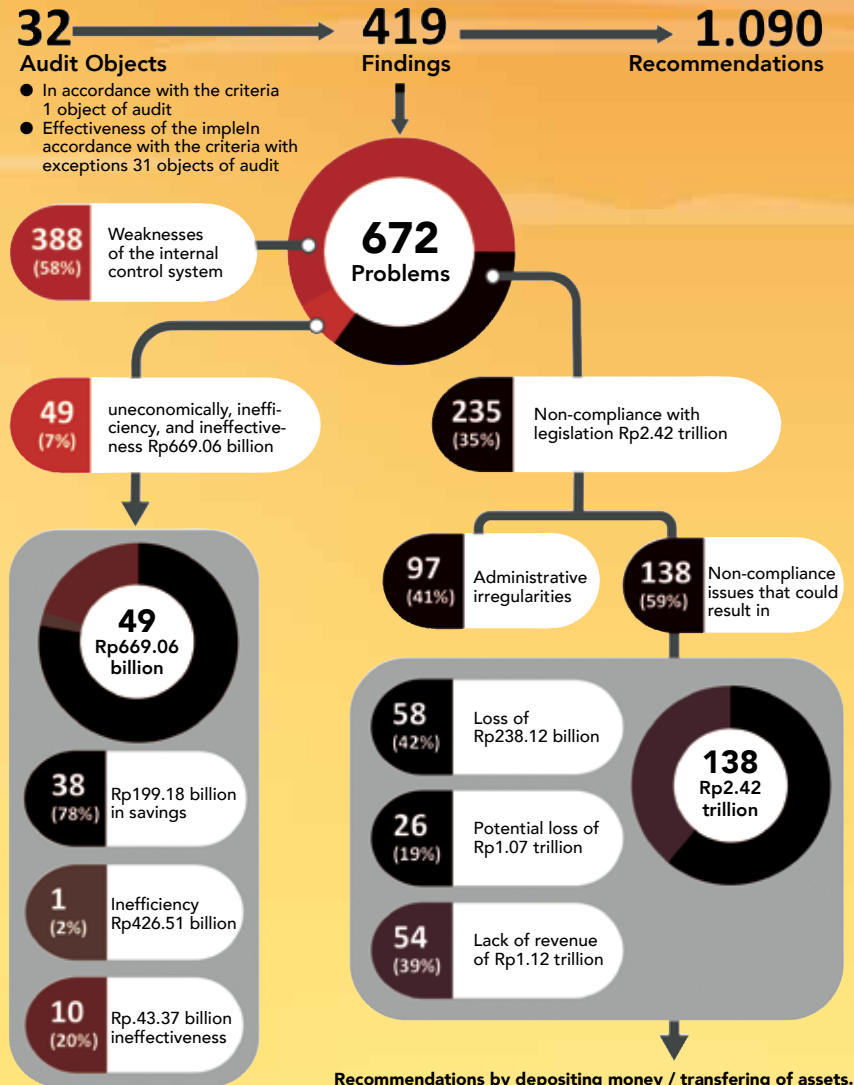
Audit results on PTPN Group

1. Conclusion: PTPN III (Persero) Holding was not effective in improving the performance of PTPN Group in 2015 to semester I of 2019.
2. A number of BPK findings:
 - PTPN Group's financial performance has not improved after the formation of the BUMN Perkebunan Holding.
 - The performance of oil palm and rubber mills at several PTPNs has not complied with the PTPN III (Persero) standard norms and the PTPN Group's joint commitment.

Results of the audit on the effectiveness of PT Rajawali Nusantara Indonesia (PT RNI)

1. Conclusion of the audit: PT RNI Holding is less effective in carrying out financial and asset management controlling function.
2. A number of BPK findings
 - The Non-Agro Business Control Division of PT RNI Holding has not conducted optimal monitoring and evaluation of accounts receivable and inventory at subsidiaries.
 - PT RNI Holding's control function in providing loans to subsidiaries is inadequate.

SUMMARY OF SPECIAL PURPOSE AUDIT RESULTS AT BUMN AND OTHER BODIES



AUDIT OF BUMD IN 2020

1. Audit of BUMD Oil and Gas performance

Number of entities: **9 entities**

Audited entities:

- PT Petrogas Jatim Utama (PJU) East Java
- PT Asri Dharma Sejahtera (ADS) Bojonegoro Regency
- PT Wirusaha Usaha Sumekar (WUS) Sumenep Regency
- PT Geliat Sampang Mandiri (GSM) Sampang Regency
- PT Sarana Patra Hulu Cepu (SPHC) Central Java Province
- PT Blora Patragas Hulu (BPH) Regency Blora
- PT Sumsel Energi Gemilang (SEG) South Sumatra Province
- PT Bumi Siak Pusako (BSP) Riau Province
- PT Pembangunan Aceh (PEMA) Aceh Province



2. Performance Audit on Effectiveness of Bank Management at Regional Development Banks (BPD) for the 2018-quarter financial year III 2020

Number of entities: 8 entities

Entities audited:

- PT Bank Sumut
- PT Bank Nagari
- PT Bank Riau Kepri
- PT Bank Bengkulu
- PT Bank Jambi
- PT Bank Jateng
- PT Bank Sumsel Babel
- PT Bank DKI

3. Audit of compliance

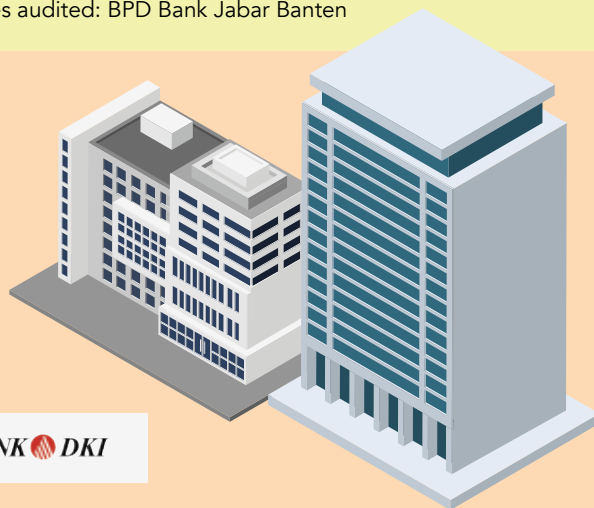
Entities audited: BPD Bank Jabar Banten

4. BUMD Audit in DKI Jakarta

Number of entities audited: 5

Entities audited:

- PT Food Station Tjipinang Jaya
- PT JIEP
- PD Pasar Jaya
- PT Transportasi Jakarta
- PT Jakarta Propertindo



Audit of DKI BUMD Year 2020

PERFORMANCE AUDIT



COMPLIANCE AUDIT

Entity	Number of Findings	Number of Recommendations	Value of findings	Value of recommendation
BANK DKI	18	52	-	-
FOOD STATION	13	22	Rp4.024.380.000	Rp4.024.396.937
pasarjaya	19	40	Rp19.279.540.000	Rp19.127.828.398
JIEP	11	21	Rp1.687.770.000	Rp809.086.242
JAKPRO	2	4	Rp63.740.097	Rp63.740.097
JAKPRO	4	5	Rp341.923.270.000	-
PT Tjipinang Jaya	4	8	Rp415.922.800.000	Rp415.922.806.462

■ Number of Findings ■ Number of Recommendations

Source: AKN V

BPK IS MORE PREPARED

Covid-19 pandemic requires BPK to be more innovative in developing alternative procedures for auditing.



■ Laode Nusriadi

Indonesia has entered its second year since the first case of Covid-19 in the country was discovered and announced in March 2020. Although the pandemic is still here, people have started to become more accustomed to the new normal life pattern which still prioritizes health protocols. It is somewhat different from last year when the pandemic had just started.

The same situation can be found in the Audit Board of the Republic of Indonesia (BPK) which continues to carry out audits during the pandemic. "At the planning stage of 2020 LKPP, LKKL and LKBUN audits, we are relatively more prepared with risks than can affect the process of audits. Both internal and external risks," said BPK Director General of Audit II, Laode Nusriadi, a while ago.

Currently, he continued, BPK is conducting a simultaneous audit of the Financial Report of Central Government (LKPP), Financial Report of Line Ministries (LKKL), and Financial Report of State General Treasurer for FY 2020. In general, the implementation is relatively the same as last year when pandemic already begun. There is just a slight difference.

Laode explained that the difference particularly lies in the audit planning phase. Planning phase of the 3 audits for FY 2019 was carried

out normally. "During the planning phase at that time, we had no idea that Covid-19 pandemic was going to happen. So we did not anticipate risks that could affect the implementation and reporting stages of our audits," he added.

This year, however, BPK is more prepared in carrying out audits during pandemic, especially since BPK has developed big data analytics in financial auditing this year. BPK has also conducted risk assessment in the planning phase which considered risks associated with Covid-19 pandemic. In particular, risks associated with the Covid-19 Handling and National Economic Recovery (PEN) Programs as government's responses to the pandemic.

He added that the most significant difference were seen at the outset of Covid-19 pandemic in 2020. Due to the government policy to enforce Large-Scale Social Restrictions (PSBB), BPK had to abide in applying work-from-home policy.

As a consequence, he continued, BPK was unable to carry out some of the usual standard audit procedures, such as conducting field audit on site. In addition, there was also communication issues due to the inability to physically interact.

Entering the second year of pandemic, Laode emphasized that BPK continues to enforce processes of quality control (QC) and quality assurance (QA) to maintain the quality of audit. "This pandemic demands us to increase QC and QA. Particularly to ensure that the audit procedures carried out by the teams are sufficient to provide an accurate opinion on the financial reports we are auditing," he elaborated.

Laode assured that BPK's QA and QC processes during the audit of LKPP, LKKL, and LKBUN are running quite well. This is because since last year, BPK has been involving teams from BPK Inspectorate General to conduct hot reviews at each stage of audit.

In fact, he continued, for the audit of LKPP, LKKL, and LKBUN for FY 2020, an Audit Quality Assurance Team has been formed within the

structure of the LKPP Audit Working Group. This team includes people from the Inspectorate General (Itama) and the Directorate General of Planning, Evaluation, and Development (Ditama Revbang). The implementation of QA and QC in these audits are also supported by audit applications called SiAP LK and consolidation module. Online and offline supervisions were also carried out by the entire audit teams.

“In my opinion, QA and QC has been well implemented. This certainly needs to be communicated well to the public in order for them to know that during the pandemic, BPK still strives to maintain the quality of its audit results,” he added.

More Innovative

Laode stated that Covid-19 pandemic forces BPK to be more innovative in developing alternative audit procedures. Such as procedures for physical check on work outputs, and for confirmation/inquiries with the assistance of information technology. From video calls, Zoom meetings, Geographical Information System (GIS), and other communication media. Should auditors need to come to the auditee or other audit sites, they must really pay attention to health

protocols that the government established.

“As a guide for all audit teams, in 2020 DG of Planning, Evaluation and Development has issued a Technical Guidance for Financial Audit in Emergency Period containing various alternative audit procedures to be carried out during the Covid-19 pandemic,” Laode added.

However, he underlined, the audit procedures do not affect the determination of materiality in financial audit. On the contrary, determination of materiality will affect the audit procedures to be carried out by audit teams. The determination of materiality is strongly influenced by the assessment result done by the team on risks of financial statement presentation. This determination will then affect the audit strategy, such as sample size and audit procedures. For instance, he added, when the risk of misstatement of cash accounts is “High” and the materiality value of the account is “Low”, then the team must take a large sample and in-depth test procedures for cash accounts.

“The challenge during this pandemic is how audit teams design alternative procedures to test the cash accounts. For example, by doing cash count using information technology,” he ended. ●

Quality of the Financial Report of Central Government Continues to Increase

Covid-19 pandemic does not hinder the Audit Board of the Republic of Indonesia (BPK) in producing a good quality of audits. Looking at the existing data, the quality of the Financial Report of Central Government (LKPP) continues to increase each year.

BPK Director General of Audit II Laode Nusriadi stated that since BPK first provided audit opinions on LKPP of 2004 in 2005, the quality has consistently been improving. For LKPP of 2004 until 2008, BPK issued disclaimer of opinions (TMP).

Audit opinions for LKPP has increased since LKPP of 2009 which obtained a qualified opinion (WDP). This was maintained until LKPP of 2015.

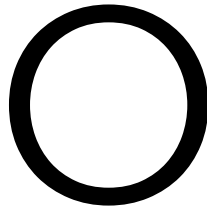
For LKPP of 2016 until 2019, BPK provided unqualified opinions (WTP).

The increase in audit opinions for LKPP cannot be achieved without the increased quality of LKKL and LKBUN. At least in the last five years, the number of LKKL and LKBUN continues to increase. In the audit of 2015 LKPP, the total number of LKKL and LKBUN obtaining WTP was only 56. The number increased to 74 in LKPP audit for FY 2016, 80 for FY 2017, 82 for FY 2018, and 85 in LKPP audit for FY 2019.

“For LKPP of 2019, although there were still LKKL that did not receive WTP opinions, their impact on LKPP was not material, thus they did not affect the overall quality of LKPP,” he explained. ●

BPK CORPU, THE ANSWER TO HR DEVELOPMENT CHALLENGES

Seventy percent curriculum in BPK Corpu is on the job training.



One of the characteristics of a well-developed institution is having an educational unit that ensures the quality enhancement of its human resources. This is the main concern of the Audit Board of the Republic of Indonesia when transforming the BPK Institute into BPK Corporate University (BPK Corpu).

BPK Corpu was officially established on April 8, 2021. Its presence is believed to answer human resource (HR) development challenges in the present and future.

Director General ad interim of BPK Institute Ida Sundari stated that BPK Corporate University aims to target the development of every BPK employee. Especially when BPK's current employees are mostly young generation. To keep up with the ever-changing world, BPK Corpu is needed to provide useful, short but concise trainings.

"Especially during pandemic, a different method of education and training is required. BPK Corpu is expected to be able to conduct not only experiential but also theoretical training. It will focus on learning anytime, anywhere," she told *Warta Pemeriksa* recently.

Ida explained that the development of Corporate University is included in Strategy IV of BPK's 2020-2024 Strategic Plan. Strategy IV stated "Creating a Center of Excellence for Education and Training on State Financial Audit".

Based on the strategy, the quality of education and training at BPK needs to be supported by competent human resources, comprehensive curriculum and learning methods, adequate facilities and infrastructure, and professional management. The education and training is expected to provide greater benefits reflected in the facilitation of learning process, increase in competence of participants post-training, and implementation of training materials in the real world for the betterment

of BPK's performance.

"BPK strives to create a Center of Excellence in training management, certification of expertise, and accreditation of state financial audit education for internal and external trainees, on a national and global scale," she said.

In addition to Strategic Plan as basis, BPK's annual Working Meeting also recommended the establishment of a Corporate University, stating that there needs to be a transformation of learning from BPK Institute to BPK Corpu. "Following up the strategic plan and leadership directives, it is our main task and responsibility to develop learning through education and training through the establishment of a Corporate University," she stated.

To prepare for the establishment, her team has conducted competency development, individual development for each work unit, and created relevant learning programs, appropriate for a Corporate University. It is expected that these development could further encourage organizational performance.

"We have also designed a One Page Explain Comprehensively (OPEC) which explains activities provided at the Corporate University. Based on the OPEC, we created a road map and strategic initiatives to further strengthen corporate university," she elaborated.

As part of its preparation, BPK Institute has also conducted studies and benchmarking to several ministries, institutions, and SOEs. Until its launching date, they also prepared for the facilities and infrastructures, especially those related to information and technology.

"By 2022, BPK Corpu is expected to host activities, and by 2023 to be listed in the Global Council of Corporate Universities," revealed Ida.

She added that BPK Corpu was not founded from scratch, considering BPK Institute already had an educational program. Thus her team only needed to develop and adapt the program to the Corpu principles.



■ Ida Sundari



BPK strives to create a Center of Excellence in training management, certification of expertise, and accreditation of state financial audit education for internal and external trainees, on a national and global scale.

For now, in addition to the innovations being developed, her team proposes for each work unit in BPK to send an expert. The aim is to form a pool of experts who can create a curriculum and train their colleagues in relevant units.

Curriculum

In terms of curriculum, Ida said, they are currently using the 10-70-20 principle of a corporate university. It stands for 10 percent independent study, 70 percent on-the-job training or experiential learning where they are deployed into work units, and 20 percent mentorship by a trainer or mentor.

In the effort to create BPK Corpu, digital transformation is also carried out. In fact, digital transformation has started even before the idea of a BPK Corpu existed. BPK Institute has utilized 9 applications related to communication media, corresponding to existing activities, e-learning, training application to monitor the whole activities, as well as the entire teaching curriculum data.

“We hope in the future BPK Corpu will become a large application house with rooms of information for all employees,” she ended. ●

THE CONSOLIDATION MODULE IMPROVES THE QUALITY OF THE AUDIT REPORT (LHP) OF CENTRAL GOVERNMENT FINANCIAL REPORT (LKPP)

With the consolidation module, the progress and results of the LKKL (Financial Report of Line Ministries) and LK-BUN (Financial Report of State General Treasurer) audit process can be monitored at any time.

The Audit Board of the Republic of Indonesia (BPK) has created a consolidation module to support the preparation of LHP LKPP. The presence of this consolidation module not only streamlines the preparation process, but also improves the quality of LHP LKPP.

BPK Director General of Audit II, Laode Nusriadi said that the consolidation module is a tool developed to assist the process of consolidating the output from all audit process of LKPP, LKKL, and LKBUN. "The audit input and output process is performed by the entire LKKL and LKBUN audit team and goes through a tiered validation process up to the level of the person in charge of the audit," Laode told *Warta Pemeriksa* on Friday (21/5).

Laode explained that at the audit planning stage, the LKKL and LKBUN audit teams will input the results of the risk and materiality assessment. Then, at the audit implementation stage, the LKKL and LKBUN audit teams will input weekly audit progress reports, planning stage materiality, updating risk assessment results, audit findings, and tripartite implementation results.

The audit team then validates the unaudited LKKL/LKBUN at the audit implementation stage to determine whether the unaudited LKKL/LKBUN submitted by the entities to BPK are consistent with the database that forms the LKKL/LKBUN.

Meanwhile, the LKKL and LKBUN audit teams will include audit findings in the Audit Reports Concept (KHP) and Audit Reports (LHP) stages, as well as the opinions of each LKKL/LKBUN, at the reporting stage. The LKKL and LKBUN audit teams will also validate the audi-

ted LKKL/LKBUN at this stage to ensure that the audited LKKL/LKBUN submitted by the entities to BPK are consistent with the database that forms the audited LKKL/LKBUN.

According to Laode, the existence of this consolidation module helped the consolidation process in the LKPP audit. He explained that before having a consolidation module, the audit findings from the LKKL and LKBUN audit teams were manually combined by the LKPP audit team.

"However, with the presence of the consolidation module, the LKPP audit team now only needs to pull out the audit findings data that the LKKL/LKBUN audit team has entered into the consolidation module for further analysis to become LKPP audit findings," he explained.

According to Laode, several factors triggered BPK to create this consolidation module. First, to streamline the output consolidation process for all stages in the LKPP, LKKL, and LKBUN audits. Previously, the consolidation process was performed manually using Excel; now, the consolidation process is performed automatically via the consolidation module. "This process can also help to reduce the possibility of errors during the consolidation process," he added.

The second goal, he stated, is to improve audit transparency. The stages of LKKL and LKBUN audits can be tracked for progress and results at any time using the consolidation module. "Indirectly, this will encourage the improvement of audit quality at the LKKL and LKBUN levels," he said.

Laode also stated that the consolidated findings presented in the consolidation module have been validated by the LKKL audit team and can be accounted for. Furthermore, whe-



■ Laode Nusriadi

ther the findings are deleted or changed by the LKKL audit team, the process of increasing or decreasing findings from the audit findings report (LTP), KHP, to LHP is clearly recorded in the consolidation module. LHP LKPP would benefit from the consolidation module, he said, and its quality could be maintained.

Laode explained that the main focus in the consolidation module is everything that the LKKL and LKBUN audit teams input into the consolidation module. However, the main focus of the consolidation module is usually on determining audit findings and opinions.

The main focus is on audit findings because the findings at the LKPP level are derived primarily from the consolidation of findings at the LKKL and LKBUN levels. The complete and timely input of audit findings by the LKKL and LKBUN audit teams will have a significant impact

on the quality of consolidated audit findings at the LKPP level.

If significant audit findings at the LKKL and LKBUN levels are not entered into the consolidation module, particularly audit findings related to financial statement assertions, the completeness of the audit findings at the LKPP level will undoubtedly suffer. This will have an impact on the LKPP level analysis of the presentation's fairness. Meanwhile, opinions at the LKKL and LKBUN levels are the primary focus, as the problems that are the reasons for qualifying an account at the LKKL and LKBUN levels must be analyzed for their impact on LKPP. This is also to ensure consistency in qualifying accounts at the LKPP and LKKL/LKBUN levels.

He emphasized the importance of the consolidation used in the LKPP audit process in maintaining and improving the quality of BPK audits. The module consolidation also has significant role to combine similar findings and serve as a baseline for the next audit, as well as to provide appropriate recommendations for achieving quality and useful state financial governance in order to achieve state goals.

"The consolidation module is indeed developed for BPK's internal needs; it cannot be accessed by parties outside the BPK. The consolidation module is expected will be able to ensure stakeholders that the LKPP, LKKL, and LKBUN audits are conducted in a transparent process. As a result, it is hoped that stakeholder confidence in audit results will increase," said Laode. ●



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PT ASABRI CASE CAUSED RP22.78 TRILLION OF STATE LOSS

Through this audit, BPK supports the corruption eradication program managed by law enforcement agencies.

The Audit Board of the Republic of Indonesia (BPK) concludes that there was fraud in the financial management and investment funds of PT Asabri (Persero) during 2012-2019.

The fraud was schemed in regulatory agreements and placement of investment funds in several company owners or shareholders as stocks and mutual funds.

In a press conference with Attorney General ST Burhanuddin at the Attorney General's Office on Monday (31/5), BPK Chairman Agung Firman Sampurna explained that stocks and mutual funds are risky and non-liquid investments which in the end would not

provide benefits for PT Asabri.

"As a result of irregularities (or unlawful acts) in the management of PT Asabri's finances and investment funds during 2012-2019, the value of state loss is Rp22.78 trillion," he exclaimed.

BPK Chairman elaborated that the result of BPK's Investigative Audits on the Calculation of State Loss on 2012-2019 PT Asabri's Financial Management and Investment Funds was submitted to the Attorney General on 27 May 2021. Through this audit, BPK supports the corruption eradication program managed by law enforcement agencies, in this case the Attorney General's Office (AGO). In addition to following up the



request made by the AGO for BPK to calculate state losses.

BPK Chairman hopes the result of the calculation of state loss can provide additional information for stakeholders or the wider community. Moreover, the audit result hopes to encourage improvements in the management of PT Asabri and other financial sectors in Indonesia.

“So they can grow and provide benefits for the nation,” he said.

On that occasion, BPK Chairman also expressed his appreciation to the AGO, Financial Services Authority (OJK), the Indonesia Stock Exchange, financial industry, as well as other parties who have assisted BPK in carrying out this audit.

Attorney General Burhanuddin also conveyed his gratitude to BPK for cooperating with the AGO, so that the request on calculating state financial losses made on 15 January 2021 was fulfilled and the audit completed on 27 May 2021.

“With this, the case can be handed over: suspect and evidence (phase II) to the Public Prosecutor at the Directorate of Prosecution for the Deputy Attorney General for Special Crimes and the East Jakarta District Attorney on 28 May 2021,” remarked the Attorney General.

Minister of SOE’s Commitment

Minister of State Owned Enterprises (SOE) Erick Thohir in a press conference in Wednesday (2/6) said that Ministry of



BPK Chairman elaborated that the result of BPK’s Investigative Audits on the Calculation of State Loss on 2012-2019 PT Asabri’s Financial Management and Investment Funds was submitted to the Attorney General on 27 May 2021.

SOE would revamp the pension fund to prevent corruption. He does not want cases in PT Asabri and PT Jiwasraya Insurance (Persero) to happen to the pension fund.

“We will tidy up the pension funds for SOE employees who were also victims of previous cases. It is part of the “cleaning” process, not out of arrogance, but empathy and partisanship,” Erick said.

He asserted to continue making efforts to eradicate corruption in state-owned companies. He admitted to being worried that other SOEs are having the same problem like Asabri and Jiwasraya.

“This is robbery. And robberies to pensioners must stop! They have worked for decades only to lose their money, it’s too cruel,” Erick sympathized. ●



THE GOVERNMENT MAINTAINS THE UNQUALIFIED OPINIONS (WTP) AMIDST THE PANDEMIC

The Audit Board of the Republic of Indonesia (BPK) found a number of problems related to the Covid-19 Handling and National Economic Recovery (PC-PEN) program.

BPK gave an Unqualified Opinion (WTP) on the Central Government Financial Statements (LKPP) for Fiscal Year 2020. Although a number of significant problems were found, these did not affect the fairness of the presentation of financial statements.

BPK Chairman Agung Firman Sampurna, at the submission of the 2020 LKPP (Financial Report of Central Government) Audit Report to DPR RI, Tuesday (22/6), explains that the LKPP audit is aimed at providing an opinion on the fairness of the LKPP by taking four factors into account. The four things are compliance with Government Accounting Standards (SAP), adequacy of disclosure, compliance with the provisions of laws and regulations, and the effective-

ness of the Internal Control System (SPI).

To support the 2020 LKPP audit, BPK audited 86 Ministry/Agency Financial Reports (LKKL) and one State General Treasurer Financial Report (LKBUN). It also included the audit at the level of BUN Budget User Authorization and subsidy spending operator business entities.

Agung explained further that two ministries/agencies (K/L) received a Qualified (WDP) opinion, while the 84 LKKL and LKBUN gained WTP.

"The results of the audit of LKPP as a consolidation of 86 LKKL and 1 LKBUN in 2020 show that LKPP has been presented fairly in all material respects in accordance with Government Accounting Standards, so its opinion is Unqualified (WTP)," Agung stated in his remarks.

The 2020 LKPP audit is the second year of audits conducted during the Covid-19 pandemic. Agung is grateful that the audit can be carried out in accordance with the provisions of the legislation despite the current difficult circumstances. "And of course they meet the State Audit Standards," he said.

For information, LKPP is form of the accountability for the implementation of the State Budget (APBN) by the Central Government. The accountability includes seven components of the financial report: the Statement of Budget Realization, Accumulated Budget Surplus Report, Balance Sheet, Operational Report, Changes in Equity Report, Cash Flow Statement, and Notes to the Financial Statements.

According to Agung, the realization of state revenues and grants in 2020 was reported to be Rp1,647.78 trillion, or 96.93 percent of the budget. This total includes Rp1,285.14 trillion in tax revenues, Rp343.81 trillion in non-tax state revenues (PNBP), and Rp18.83 trillion in grant receipts.

Tax revenues, the primary source of APBN funding, only accounted for 91.50 percent of the budget, a decrease of 16.88 percent from tax revenues of Rp1,546.14 trillion in 2019.

The realization of state expenditure in 2020 was reported at Rp. 2,595.48 trillion, or 94.75 percent of the budget, consisting of Rp. 1,832.95 trillion in central government spending, Rp. 691.43 trillion in transfers to regions, and Rp. 71.10 trillion in village funds.

Meanwhile, the 2020 budget deficit was reported to be Rp947.70 trillion, or 6.14 percent of GDP (GDP). However, in 2020, financing realization reached Rp. 1,193.29 trillion, or 125.91 percent of the deficit value, resulting in a Budget Surplus (SiLPA) of Rp. 245.59 trillion.

The financing was obtained primarily through the issuance of Government Securities, Domestic Loans, and Foreign Financing totaling Rp1,225.99 trillion. "This means that debt procurement in 2020 will exceed the financing requirements to cover the deficit," he explained.



BPK carried out a series of audit procedures related to the government's accountability for the implementation of state financial policies and the steps taken by the government in dealing with Covid-19 during the 2020 LKPP audit.



■ Agung Firman Sampurna

Problems found in LKPP

On this occasion, Agung also conveyed a number of issues discovered by BPK related to the Covid-19 Handling and National Economic Recovery (PC-PEN) program. Agung explained, according to the mandate of Article 13 of Law Number 2 of 2020, the use of the budget in the context of implementing state financial policies and steps taken by the government related to handling Covid-19 were reported by the government in the LKPP.

"In accordance with these provisions, BPK carried out a series of audit procedures related to the government's accountability for the implementation of state financial policies and the steps taken by the government in dealing with Covid-19 during the 2020 LKPP audit," said Agung.

According to the findings of the 2020 LKPP audit, there were a number of issues which not comply with the provisions of laws and regulations, as well as weaknesses in the Internal Control System. The following are some of the issues discovered by BPK.

1. PC-PEN program issues:

a. Mechanism for reporting on state financial policies to deal with the impact of the Covid-19 pandemic on LKPP has not been developed.
b. The realization of tax incentives and facilities in the context of dealing with Covid-19 and national economic recovery in 2020 is at least Rp1.69 trillion, which is not comply with the regulation.
c. The control of the PC-PEN program implementation expenditure of Rp9 trillion in ten ministries/agencies is insufficient.
d. The distribution of expenditure on interest subsidies for People's Business Credit (KUR) and Non-KUR, as well as other expenditures for Pre-Employment Cards in the context of PC-PEN, has not taken into account the readiness of program implementation, resulting in Rp6.77 trillion in unallocated funds for activities/programs.
e. The realization of financing expenditures totaling Rp28.75 trillion in 2020 in the context of PC-PEN was not carried out in stages in accordance with the final recipient of the investment's readiness and schedule.
f. The government has not yet completed identifying the return of PCPEN 2020 expenditure/financing in 2021 as the remaining SBN PC-PEN funds for 2020 and PCPEN 2020 activities that will be continued in 2021.

2. Issues unrelated to the PC-PEN program:

a. The reporting of several incomplete tax transactions shows state rights of at least Rp21.57 trillion and USD8.26 million and minimum state obligations of Rp16.59 trillion according to the accrual basis of accounting, as well as balances of expired receivables that are not assured its fairness amounting to Rp1.75 trillion.
b. Budgeting, implementation, and accountability for expenditures outside the PC-PEN program of at least Rp. 15.58 trillion in 80 K/L are not fully comply with the provisions.
c. The realization of financing and book-entry from the BUN account in the form of the Research, Culture, and Higher Education Endowment Fund amounting to Rp8,99 trillion, which was deposited in the Account of the Public Service Agency of the Education Fund Management Agency because the management arrangements for these funds, had not yet been defined.
d. Administration of Tax Receivables at the Directorate General of Taxes is not adequate.
e. The status of the bill for reimbursement of bridging funds for funding the procurement of PSN Land by a Business Entity that did not pass the verification based on the BPKP Verification Result Report (LHV) is unknown.
f. The government has not set guidelines for calculating Long-Term Liabilities for the Pension Program.

Ready to follow up

The Ministry of Finance (Kemenkeu) stated that the government will follow up on BPK's recommendations for all problems in LKPP. "The government appreciates all the recommendations given and is ready to follow up," the Ministry of Finance said on its official website, Tuesday (22/6).

According to the Ministry of Finance, the form of follow-up was carried out, among other things, by preparing steps to improve the planning, implementation, and budget accountability mechanisms. Despite the fact that BPK's findings do not affect on the fairness of the 2020 LKPP, the government still implements a follow-up action plan on the recommendations and is committed to resolving them. Furthermore, the government reports to the BPK on the progress of completing the follow-up to these recommendations on a regular basis.

The achievement of the best opinion on LKPP in 2020, according to the Ministry of Finance, is a real manifestation of the government's spirit to continue to implement good governance in managing state finances. The government is committed to continuously improving the quality of state financial management, including budgeting, budget execution, and accountability, as reported in government

financial reports.

"From time to time, improvements in accountability procedures, as well as improvements resulting from follow-up to the results of the BPK audit, will become the basis and consideration for the Government. It aims to improve the management of state finances to be better, for the realization of public welfare and social justice, and the best achievement of national development goals."

According to the Ministry of Finance, BPK's WTP opinion on the 2020 LKPP is the fifth in a row since the 2016 LKPP. The WTP's position on the LKPP is critical to the government. The WTP's opinion not only maintains public trust in the management of state finances, but it also demonstrates that state finances have been managed professionally, prudently, transparently, and accountably.

Furthermore, the WTP opinion for the government demonstrates consistency in managing state finances even while dealing with the Covid-19 pandemic. This positive achievement demonstrates that the government worked hard throughout 2020 to ensure that the State Budget's role as an effective fiscal instrument in responding to the various effects of the Covid-19 pandemic while maintaining national development goals or targets remained optimal. ●

IHPS II 2020 REVEALS 6,970 PROBLEMS WORTH RP16.62 T

There are 241 reports (LHP) or 43 percent of all reports in IHPS II 2020 which are thematic audit reports related to PC-PEN.

The Audit Board of the Republic of Indonesia (BPK) has completed the Summary of Semester Audit Reports (IHPS) II 2020. The results of the BPK audit revealed 5,070 findings containing 6,970 issues worth Rp16.62 trillion. As quoted from the executive summary of IHPS II 2020, among 6,970 issues included, there are 1,956 (28 percent) issues of weaknesses in the internal control system (SPI), 2,026 (29 percent) issues of non-compliance with the provisions of legislation amounting to Rp12.64 trillion, and 2,988 (43 percent) issues related to uneconomical, inefficiency, and ineffectiveness amounting to Rp3.98 trillion. Based on the problems found, BPK provided 13,363 recommendations to stakeholders. One of the recommendations is to ask the relevant leaders to withdraw the excess payment or determine and collect the revenue receivables and deposit it in the state/region/company treasury.

Recommendations were also given by BPK to the Minister of Social Affairs regarding integrated social welfare data (DTKS). BPK requested Minister of Social Affairs (Mensos) to coordinate with relevant parties to improve coordination and cooperation with local governments in the process of data collection, verification, and validation of DTKS carried out by local governments. In addition, BPK asked the Minister to facilitate local governments in matching DTKS with the population identification number (NIK), as well as evaluating the update of DTKS by local governments.

In addition, recommendations were addressed to the Minister of Marine Affairs and Fisheries on lobster seeds. BPK recommended the Minister of Marine Affairs and Fisheries to instruct the National Commission for Fish Resources Assessment to conduct an assessment of the lobster seeds potential in all fisheries management areas nationally as the basis for



■ Agung Firman Sampurna

setting quotas and allocation of lobster seeds.

Towards recommendations given by BPK, some officials of the entities have followed up, among others, by handing over assets or depositing to the state/regional/company treasury amounting to Rp156.49 billion or (1.2 percent) of the total value of non-compliance issues with financial impact of Rp12.64 trillion.

By following up the recommendations of BPK, it is expected that the internal control managed by the government/company will be more effective, programs/activities can be implemented more economically, effectively, and efficiently, losses can be recovered/prevented immediately, and state/regional/company revenue can be increased. Thus, state financial governance and service to the community become better in order to achieve state goals.

Chairman of BPK, Agung Firman Sampurna, in the hand-over of IHPS II 2020 at the Plenary Meeting of the House of Representatives, Senayan, Jakarta, Tuesday (22/6), said, IHPS II 2020 consists of summary of 559 audit reports (LHP), including audit reports on Covid-19 pandemic handling and national economic recovery (PC-PEN).

"The audit of PC-PEN is BPK response that shows BPK's concern, or to show that BPK is

“
The audit universe is the entire state finance in the broadest sense as regulated in the State Finance Law.

present and plays an active role in monitoring the state financial management and responsibility that is transparent, accountable, and effective,” said Agung.

In general, said Agung, the IHPS II of 2020 contains a summary of 28 (5 percent) Financial LHP, 254 (45 percent) Performance LHP, and 277 (50 percent) LHP With Specific Purpose (DTT). Of the Performance LHP and DTT, as many as 241 (43 percent) LHP is a thematic audit related to PC-PEN. The audit of PC-PEN is carried out in the framework of risk based comprehensive audit, which is a combination of the objectives of the three types of audit in

regard to the audit universe. Agung explained that the audit universe is the entire state finance in the broadest sense as regulated in the State Finance Law.

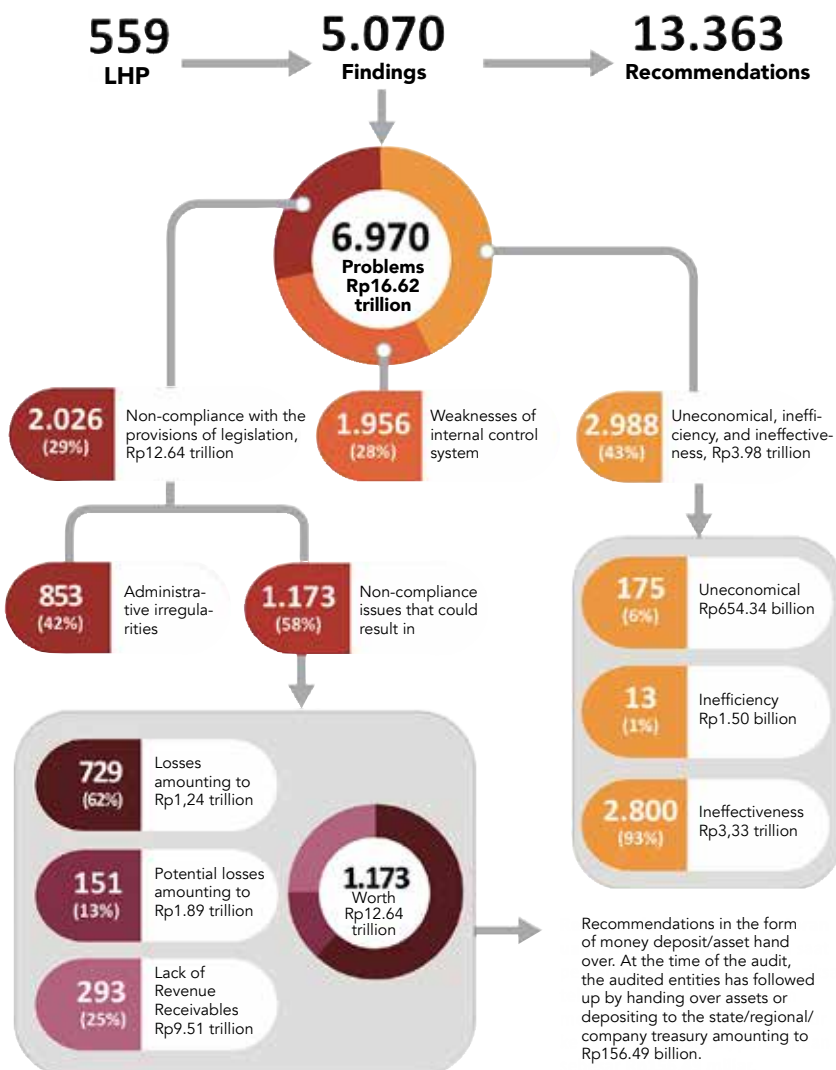
He explained that PC-PEN budget allocation at the central government, local government, Central Bank, Financial Services Authority (OJK), Indonesia Deposit Insurance Corporation (LPS), State and Regional Owned Enterprises (BUMN and BUMD), and the 2020 grant fund identified by the BPK amounted to Rp933.33 trillion with the realization reached to Rp597.06 trillion (64 percent).

Agung stressed that BPK appreciates the government’s efforts related to PC-PEN, such as the establishment of the Covid-19 Handling Acceleration Task Force, the preparation of Covid-19 handling regulations, the implementation of refocusing activities and budget reallocation, as well as monitoring activities on the implementation of PC-PEN. Thematic audits of PC-PEN were performed on 241 audit objects. Based on the results of the audit, the BPK concluded that the effectiveness, transparency, accountability and compliance of state financial management and responsibility in the event of a Covid-19 pandemic emergency were not fully achieved.

There are a number of issues that BPK found. First, the PC-PEN budget allocation in the State Budget has not been fully identified and codified. In addition, the realization of the PC-PEN budget has not been fully channeled as planned.

Second, said Agung, the accountability and reporting of PC-PEN, including the procurement of goods and services is not fully in accordance with the provisions of the legislation. Third, the handling of Covid-19 pandemic disaster management programs and activities is not entirely effective. ●

GRAPH OF BPK AUDIT FROM SUMMARY OF AUDIT RESULTS SEMESTER II YEAR 2020



PRESIDENT: UNQUALIFIED OPINION IS NOT THE END GOAL

President wants every Rupiah is spent for the benefit of the people.



President Joko Widodo (Jokowi) reiterated the government's commitment to continue maintaining and improving the quality of the Financial Reports of Central Government (LKPP) in the midst of difficult situation due to the Covid-19 pandemic. Jokowi was grateful that the 2020 LKPP received Unqualified Opinion from the Board of the Republic of Indonesia (BPK). However, the President emphasized that Unqualified Opinion is not the end goal of state financial management.

This was conveyed by the President during Submission of the Audit Result of 2020 LKPP at

the State Palace on Friday morning (25/6). In addition to the Audit Result of LKPP, the Summary of Audit Reports Semester II of 2020 was also submitted.

The President also gave his appreciation to BPK for carrying out the audit of 2020 LKPP in a timely manner, despite all limitations due to the pandemic. "Thank God that we receive an Unqualified Opinion: a good achievement in a tough year," expressed the President.

He stated that it is the fifth time in a row that the government has achieved Unqualified Opinion since 2016. "However, this is not the end goal, because what we aim is to wisely use

and manage public money in a transparent and accountable manner,” President exclaimed.

The President also wished for the quality of government spending to be better and more targeted. Moreover, every Rupiah spent must really benefit the people.



We need to expand deficit cap considering the increasing need for state spending for health and economic care, at a time when state revenues are declining. We also encourage various state institutions to share the pain, face the pandemic with a spirit of togetherness, such as the burden sharing program carried out by the government with Bank of Indonesia (BI).



On this occasion, the President reminded that the Covid-19 pandemic is not over yet. Indonesia is still in an extraordinary situation which requires to be responded with fast and appropriate policies. “It also requires all levels of state institutions, from central to local, to be on the same page,” President said.

Since the Covid-19 pandemic emerged in 2020, he continued, extraordinary steps has been taken, including changing the State Budget. Government is refocusing and reallocating budget at all levels of government and providing space for relaxation in fiscal deficit to above 3% for the next three years.

“We need to expand deficit cap considering the increasing need for state spending for health and economic care, at a time when state revenues are declining. We also encourage various state institutions to share the pain, face the pandemic with a spirit of togetherness, such as the burden sharing program carried out by the government with Bank of Indonesia (BI).”

With all these various policy responses, the President said he was grateful that Indonesia was able to handle the increase in health spending and protect the Indonesian economy from various pressures. Although experiencing an internal contraction of minus 5.32 percent in the second quarter of 2020, contractions in the following quarters continued to shrink. “Indonesia’s economy is growing better: in the first quarter of 2021, we are at minus 0.74,” explained the President.

The President emphasized that the government would pay close attention to BPK’s recommendations, including in managing State Budget financing. According to the President, the budget deficit is financed by utilizing safe financial sources, implemented in a responsive manner, supporting countercyclical policies, and accelerating socio-economic recovery. In addition, the deficit is managed in a prudent, credible and measurable manner.

“I request all ministers, heads of institutions, governors and local leaders to immediately follow up and resolve BPK’s audit recommendations,” remarked the President.

Fiscal Sustainability

The increase in budget deficit during the pandemic has indeed become one of the things that BPK has asked the government to pay attention to. This has also been conveyed in the review report on Fiscal Sustainability in 2020.



BPK Chairman Agung Firman Sampurna stated that the results of the review on Fiscal Sustainability showed that the government has prepared a Long-Term Fiscal Sustainability Report (LTFS Report) which took into account the fiscal policy scenarios to be taken and indicators to be monitored. However, there are some things that need attention.

Firstly, the trend of increasing government debt and interest costs exceeding the growth of gross domestic product (GDP) and state revenues. "Thus, it raises concerns about the decline in government's ability to pay debts and its interest," remarked BPK Chairman in his speech.

Secondly, government's fiscal risk management has not taken into account the fiscal burden related to long-term pension program obligations, obligations from legal decisions, social security obligations, contingency obligations from

SOEs, and the risks of Government Cooperation with Business Entity (KPBU) or Public-Private Partnership (PPP) in infrastructure development.

Thirdly, the Covid-19 pandemic has increased deficits, debts, and excess budget financing (SIL-PA) which has an impact on increasing fiscal management risk. "Although the ration of deficit and debt to GDP is still below the ration stipulated in Presidential Regulation 72 and the State Finance Law, the trend shows an increase that the government needs to watch out for. Moreover, starting in 2023, the deficit-to-GDP ratio is limited to a maximum of 3 percent," BPK Chairman said.

He added that what also needs to be considered is the debt vulnerability indicator in 2020 that exceeds the limits recommended by the IMF and/or International Debt Relief (IDR). BPK Chairman listed: the debt service ratio to revenue was 46.77 percent, exceeding the IMF's recommendation of 25-35 percent. The ratio of interest payments to revenue was 19.06 percent, exceeding the IDR's recommendation of 4.6-6.8 percent and the IMF's recommendation of 7-10 percent. Also, the debt-to-revenue ration was 369 percent, exceeding the IDR's recommendation of 92-167 percent and the IMF's recommendation of 90-150 percent.

"The fiscal sustainability indicator in 2020 is 4.27 percent, exceeding the recommended limit of the International Standards of Supreme Audit Institutions (ISSAI) 5411 - Debt Indicators, which is below 0 percent," BPK Chairman concluded. ●





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IMPROVING THE GOVERNANCE OF OIL AND GAS REGION-OWNED ENTERPRISES (BUMD)

The main point that need to be done is to comply with statutory regulations, starting from regulations related to BUMD management and related participating interest.



kotkca-freepik

Central Java Province is one of the regions that produces oil and gas in Indonesia. A number of region-owned enterprises (BUMD) have also been formed to be involved in the management of oil and gas working areas.

In view of the important role of BUMD on oil and gas in the regional economy, Audit Board of the Republic of Indonesia (BPK) through the BPK Regional Offices also monitors and audit region-owned enterprises in the oil and gas sector. One of the audits was carried out by BPK Central Java Regional Office.

Head of BPK Central Java Regional Office, Ayub Amali, said that in the second semester of 2020, he conducted an audit with a specific purpose (PDTT) on oil and gas BUMDs which had been of less of concern.

The audit was carried out on PT Sarana Patra Hulu Cepu (SPHC) and PT Blora Patragas Hulu (BPH). The main purpose of this audit is to assess compliance with the regulations related to the management of participating interest (PI) and related to the operational management of the company.

"This audit is expected to improve the operational management of BUMDs so that they can benefit the region, at least for regional revenues, especially in Central Java and Blora Regency. The results of the audit have been submitted to the Provincial DPRD of Central Java and Blora Regency in early January 2021," said Ayub to the *Warta Pemeriksa*, at the end of April.

For information, PT SPHC is a BUMD that plays a role in managing oil and gas exploration and exploitation activities in the Cepu Block through a 10 percent PI with Cepu Block partners consisting of ExxonMobil Cepu Ltd. (45%), Pertamina EP Cepu (45%), PT. Asri Dharma Sejahtera, Kab. Bojonegoro (4.48%), PT. Petrogas Jatim Utama Cendana, East Java Province (2.24%), and PT. Blora Patragas Hulu, Blora Regency (2.18%).

Ayub conveyed that there were a number of problems found by BPK in the audit of oil and gas BUMDs. Some of them are regarding the recruitment of human resources (HR), fund management in companies, investment activities, cooperation with investment partners, and several other matters that are deemed not in accordance with regulations.

"The main point for improvement is to improve the quality of human resources from the recruitment phase. Then, formulate provisions governing better, more detailed financial management, so that all policies have regulations as guidelines in carrying out operations."

Ayub hopes that the audit conducted by BPK can encourage improvements in the governance of oil and gas BUMDs. Thus, oil and gas BUMDs can play a role in improving the welfare of the community. With this audit, Ayub also hopes that local governments will be more open, more attentive, and able to guide BUMDs to improve their performance.

"We hope that our report is useful. When the BUMD is small, do not let it left unnoticed. In fact, they have the potential to become a source of regional revenue. As we know, the income from participating interest is quite large, so that the income can become dividends for the region. In essence, it must be managed better." ●



■ Ayub Amali



The main point for improvement is to improve the quality of human resources from the recruitment phase. Then, formulate provisions governing better, more detailed financial management, so that all policies have regulations as guidelines in carrying out operations.

IHPS IS NOT MERELY AN AUDIT SUMMARY

Significant/important audits in IHPS executive summary are audit results that need attention from stakeholders, particularly Government, DPR and DPD for the follow up on audit results.

Semester Audit Reports Summary (IHPS) published by the Audit Board of the Republic of Indonesia (BPK) is not just an outline of audits in a particular semester. Through IHPS, BPK wants to show to stakeholders, including the public, significant audit results that need further attention.

Significant audit results are usually presented in the executive summary of IHPS. BPK Director of Audit Evaluation and Reporting Yuan Candra Djaisin explained that significant/important audits in IHPS executive summary are audit results that need attention from stakeholders, particularly Government, House of Representatives (DPR), and House of Regional Representatives (DPD) for the follow up on audit results.

Audit results included in the executive summary are audit themes that concern the public, have significant value in findings, and the kind of audit carried out simultaneously by several teams in BPK (thematic audit), he added.

"Thus, the need to present it in the executive summary, so readers can directly find BPK's significant audit results and the Government, DPR, and DPD can immediately follow up accordingly," said Yuan to *Warta Pemeriksa* on Wednesday (28/4).

Audit results covered in the executive summary of IHPS are often quoted in news coverage by print/online media. With this spotlight, the issues will attract public's attention and encourage government to follow it up instantly.

Yuan explained that there are a number of considerations in selecting audit results to be mentioned in the executive summary. These are, among others, thematic audit results, audit themes that are of concerns to stakeholders, significant value of findings, and internal considerations. As with the content of executive summary, a few things must be presented, such as the numbers of audit reports produced, audit findings, issues, and recommendations. Also important are the values of loss, potential loss,



■ Yuan Candra Djaisin

revenue deficit, and inefficiency/ineffectiveness/uneconomical. "Then, there are significant recommendations. Results of thematic audits which include conclusions, positive efforts made by the government, and significant issues found. There are also results of significant audits found from each chapter (central government, local governments and local-owned enterprises, State-Owned Enterprises, and other agencies)," Yuan said.

He added that the number of significant/important audit results to be presented in the executive summary of IHPS could not be predetermined because it depends on the audit reports issued within the IHPS period. "In the case of IHPS I (Summary of Audit Report for Semester I), since during the first semester BPK mainly publishes financial audit reports, the executive summary does not usually contain too many issues. However, for IHPS II, issues presented are much more and varied because themes of audit that are reported are also varied."

In order to determine which audit results are included in the executive summary, Audit Departments and Directorate of Evaluation and Reporting are welcome to propose the audits they deem important. Echelon I Forum and BPK Board Meeting will then decide on these proposals. ●

TROUBLED VENDORS LEADS TO OBSTRUCTED OIL PRODUCTION

The auction process conducted by KKKS is not optimal in bringing out auction winners who are bona fide, competent, and have proper financial capabilities.



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The Audit Board of the Republic of Indonesia (BPK) in the second semester of 2020 has completed the audit report (LHP) on the projects and supply chain of oil in 2018 in the Special Task Force for Upstream Oil and Gas Business Activities (SKK Migas), Cooperation Contract Contractors (KKKS), and related agencies. The BPK audit result, which have also been included in the Summary of Semester Audit Reports (IHPS) II 2020, concluded that the oil and gas supply chain projects in 2018 have been implemented in accordance with the criteria with exceptions.

Board Member VII BPK, Daniel Lumban Tobing said, one of the problems found was the completion of the project which was delayed by up to six years. "The delay was due to the financial inability of the implementing company (vendor), so the production of oil and natural gas in the work area were delayed," said Daniel in a written statement to *Warta Pemeriksa*, April.

Another note that was also published was that a vertical Christmas tree (offshore oil drilling equipment/off shore rig) could not enter the Indonesian customs area, so that oil production in the working area were delayed. The inability to enter this equipment is due to the results of the evaluation of the relevant authority that shows an indication of price differences with the same equipment in other procurement.

Another problem, added Daniel, some KKKS have excessive Maintenance, Repair, and Operation (MRO) materials with a significant value up to tens of millions US dollars. "This exceeds 8 percent of the allowable limit on the percentage of surplus material and dead stock compared to the total material inventory at the end of the year," said Daniel.

He explained that the surplus material is a category of inventory material that for two to five years without any usage or disbursement. While dead stock (immovable) is a category of inventory material that for more than five years without usage or disbursement.

"Of course, this can increase the cost of managing material inventory and ultimately can have an impact on the country's financial inefficiency," he said. Daniel revealed that a number of these problems were caused by weaknesses in internal controls and non-compliance by related parties, especially KKKS and SKK Migas. He emphasized that the implementing company (vendor) that was late in completing the project was the company who win the auction.

This indicates that the auction process conducted by KKKS is not optimal in bringing out bona fide and competent auction winners and have proper financial capabilities. Similarly, there is a note about the inability of vertical Christmas tree equipment to delay oil production.



The delay was due to the financial inability of the implementing company (vendor), so the production of oil and natural gas in the work area were delayed.

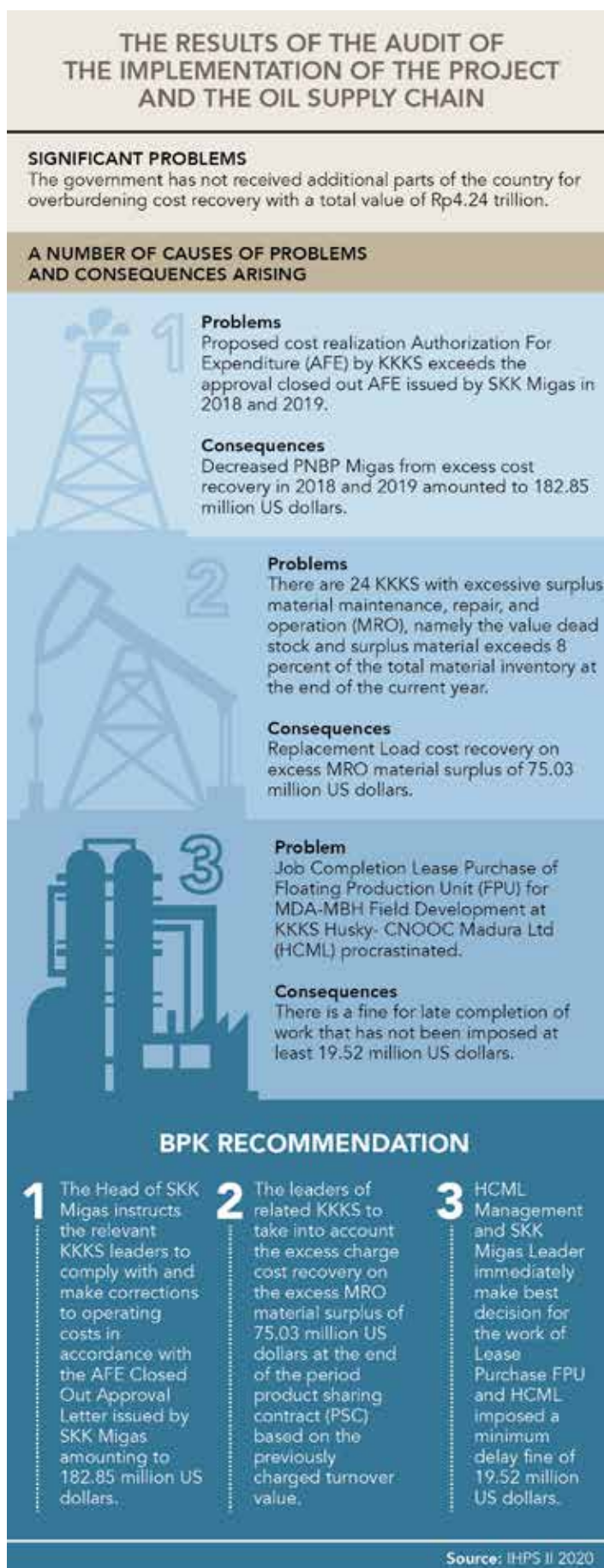
According to him, this could happen because the KKKS in question has not fully met the requirements and complied with management procedures to obtain the approval of the relevant authorities. The approval is required so that the imported equipment can enter the Indonesian customs territory.

Meanwhile, the record related to material surplus and dead stock that exceeds the percentage allowed is due to KKKS being less careful in planning the needs of goods, and SKK Migas is not optimal in conducting supervision and control of the needs of goods submitted by KKKS.

On the note of the delay in the project implementation, said Daniel, BPK has recommended the imposition of a witness fine for the delay to the company implementing the project. In addition, BPK recommends that KKKS find the best solution to overcome the delay in completing the project.

As for the record of imported equipment that cannot enter the Indonesian customs area, BPK recommended that SKK Migas disapprove the storage and maintenance costs. This is to mitigate the risk of additional costs that could be detrimental to the state's finances. As for the records related to surplus material and dead stock that exceed the allowable limit, BPK recommended that relevant KKKS leaders take into account the excess cost recovery charge on excess MRO material surplus at the end of the period based on the acquisition value that has been charged previously.

In summary, the results of the audit of project implementation and supply chain at SKK Migas and KKKS revealed 12 findings containing 14 problems. These problems include 5 weaknesses in the internal control system (SPI) and 9 non-compliance with the provisions of legislation amounting to Rp4.24 trillion. ●



IMPLEMENTATION OF E-GOVERNMENT IS INEFFECTIVE

The planning and development of the Regional Development Information System (SIPD) software is not yet in accordance with the standards of good management in information system development project management.

The Audit Board of the Republic of Indonesia (BPK) conducts the performance audit on the effectiveness of Electronic-based Governance System (SPBE) or e-government for year 2019 to Semester 1 of 2020 at the Ministry of Home Affairs (MoHA) and other relevant agencies. The audit result shows that the efforts taken by MoHA in implementing SPBE for year 2019 to Semester 1 of 2020 are still ineffective.

This is indicated by the fact that there are still a number of problems disclosed by BPK in its Summary of Audit Reports Semester (IHPS) II of 2020. The result of performance audit on the effectiveness of SPBE implementation reveals 15 findings containing 17 problems of ineffectiveness.

From the audit, BPK assesses that the strengthening of regulations/policies/standards/procedures that supported the acceleration of SPBE implementation at MoHA was not optimal. This is shown, among others, in the ministry's SPBE implementation policies which has not been fully established.

"The application of the Online Information System for Administrative Services (SIOLA) has not been fully supported by regulations, while the existing regulations on local development, local finance and local governments are not yet fully in accordance with other relevant laws and regulations," BPK reported at the IHPS II 2020.

As a result, SPBE implementation are still partially implemented in MoHA, thus cannot be implemented optimally. The application of administrative and consulting services at SIOLA has not been optimal and has led to multiple interpretations of Minister of Home Affairs Regulation (Permendagri) Number 70 of 2019, Permendagri Number 86 of 2017, and Minister of Home Affairs Decree (Kepmendagri) Number 050-3708 of 2020.

Additionally, MoHA has not determined the architectural design, plan map, and business pro-

cess of SPBE as a reference in the development and acceleration of SPBE. Consequently, SPBE implementation at MoHA is not integrated and there is a risk of duplication of development of SPBE applications and services. BPK also finds that the architectural design of SPBE or the grand design of information and communication technology (ICT) and the roadmap design of SPBE in MoHA do not align with Presidential Regulation Number 95 of 2018 concerning SPBE.



The application of the Online Information System for Administrative Services (SIOLA) has not been fully supported by regulations, while the existing regulations on local development, local finance and local governments are not yet fully in accordance with other relevant laws and regulations.

BPK also highlights that the planning and development of Regional Development Information System (SIPD) software do not meet the good management standards of information system development project. This is because the planning and development are not based on evaluation results and need analysis, nor follow the stages according to the standards.

"Furthermore, the SIPD service portal does not provide complete features according to provisions and needs of the local governments, does not have adequate application control, and does not have the ability to integrate or interoperate with

the systems owned by local governments,” BPK reveals. These result in the immeasurable timeliness of completion and the success rate of the construction, development, and implementation of SIPD, both at subsystem level and software level as a whole.

The SIPD software is also not fully in line with the needs of business processes, has not been validated for reliability, cannot be immediately operated effectively, and has the potential to be inconsistent with the concept of national integration of SPBE. Additionally, there is a failure risk at SIPD software in integrating data and information on local financial management.

With regard to the above issues, BPK recommends the Minister of Home Affairs to instruct the Secretary General of MoHA to coordinate with the Ministry of Empowerment of State Apparatus and Bureaucratic Reform (PAN-RB) as the Head of the National SPBE Coordination Team in preparing and establi-

shing regulations for the implementation of SP-BE in MoHA and local government level.

BPK also asks the Minister to prepare and determine the ICT grand design or SPBE architecture, plan maps, and business process at the MoHA and local governments in order to become one of the priority programs and activities in the strategic plan and annual budget of MoHA.

BPK also instructed the Director General of Regional Financial Development, Director General of Regional Development and the Head of Center for Data and Information to conduct a thorough evaluation of the planning, development, implementation, integration, dissemination, technical guidance, and assistance in the implementation of SIPD. BPK encourages MoHA to apply good principles or best practices that are generally accepted in the planning and development stages, as well as in the piloting and implementation of SIPD software engineering. ●



pic: sipd.kemendagri.go.id & freepik (edited)



Warta Pemeriksa Magazine March 2020 Edition
received an award as

THE SILVER WINNER
of PR Indonesia Awards 2021

for the Category of Institutional
Sub-Category of Printed Media



■ BPK Board Member III, Achsanul Qosasi

RESPONSE TO PUBLIC CONCERNS ON HANDLING THE COVID-19 PANDEMIC

This audit can assist the government in making adjustments and improvement while handling the Covid-19 pandemic continues.

The handling of the Covid-19 pandemic and the national economic recovery (PC-PEN) is currently the concern of the wider community. The government program is budgeted to reach Rp. 695 trillion. The Audit Board of the Republic of Indonesia (BPK) noted in its audit that the program's budget allocation had even reached Rp. 933.33 trillion, which was spread to the central government, regional governments, Central Bank of Indonesia, the Financial Services Authority (OJK), the Deposit Insurance Corporation (LPS), State-Owned Enterprises (BUMN), Regional Owned Enterprises (BUMD), and grants/public donations that managed by the government.

BPK Board Member III, Achsanul Qosasi said that with a relatively large budget, public would question the use of these funds. BPK, as an insti-

tuition that has function to guard the state financial management accountability, also contributed to the pandemic's management by attempting to response the public's questions.

"People will ask questions, so our audit will focus on community questions," Achsanul told the *Warta Pemeriksa* on Monday (12/4).

Questions related to the program may include how the budgeting process, spending, and accountability work. Furthermore, the public is interested in the effectiveness of the PC-PEN program and its adherence to statutory requirements.

Achsanul, who is also the BPK's Coordinator of PC-PEN Audit, stated that the audit is currently complete. A total of 242 audit reports (LHP) were compiled into a single report, which was then submitted to the government and representative council.

According to Achsanul, all elements of Indonesian move to prevent the spread of the Covid-19 pandemic and to mitigate the economic impact it caused. The government's first step is to refocus the activities and reallocate funds.

"Budgets and activities that are not priorities are diverted for the benefit of dealing with Covid-19," Achsanul explained.

The public, according to Achsanul, also need to understand the panic atmosphere in budget management that arose when the Covid-19 pandemic hit Indonesia last year. According to him, the government is attempting to devise the most effective strategy for preventing the spread while keeping the economy running.

"In response to the community's declining purchasing power, the government immediately poured cash assistance. Thus, most of cash assistance are derived from accounts of PC-PEN budget. Because the government wants to give people money to allow them go shopping and help the economy recover," he explained.

With the issuance of Law Number 2 of 2020 concerning the Stipulation of Government Regulations in Lieu of Law Number 1 of 2020 concerning State Financial Policy and Financial System Stability for Handling the Corona Virus Disease 2019 (Covid-19) Pandemic and/or In the Context of Facing Threats That Endanger the National Economy and/or Financial System Stability

As law, there are 11 laws that can be violated within three years.

For example, previously, goods had to be procured through an auction, but now only a beauty contest is required, according to Achsanul. Furthermore, the state budget deficit limit may exceed the 3 percent limit of gross domestic product (GDP).

BPK recognizes that this is done in response to an emergency. Despite the fact that it is an emergency, the government must maintain accountability. "Although the process needs speed, accountability must be maintained," Achsanul explained.

From the audit carried out, BPK then revealed the problems found in the field. According to Achsanul, the most significant finding was related to the accuracy with which aid is distributed to the community. According to him, this issue frequently arises as a result of data accuracy issues.

"If the data is incorrect, the target will be incorrect as well. This database is still insufficient," Achsanul stated.

Achsanul hopes that the findings of BPK's audit will be useful in government evaluations of the PC-PEN program ahead. This is due to the fact that the Covid-19 pandemic will not only be handled in 2020, but also until 2023. "What is good, needs to be maintained, and what is bad, needs to be improved," he explained.

The PC-PEN audit is BPK's contribution to maintain the implementation of pandemic handling in the country. Therefore, BPK also conducted an ongoing audit for the first time.

"Don't let BPK just wait in 2023, but there will be a lot of findings later. If we work together, the government can improve its response to the pandemic based on BPK's findings and recommendations," Achsanul stated.

According to Achsanul, this audit will assist the government in making adjustments and improvement while dealing with the Covid-19 pandemic.

According to Achsanul, auditing during the pandemic is also challenging for BPK auditors. BPK's responses immediately after the pandemic was

declared by issuing special audit guidelines. One critical point is that the audit can be carried out with the assistance of information technology.

"Evidence can be photographed and transmitted using IT assistance. Of course, we don't want auditors to be at high risk of exposure to Covid-19," he added.

Nonetheless, the auditor's assurance will be prioritized, according to Achsanul. If the auditor is unsure, various test will be applied.

"For instance, checking tax records to prove a purchase of goods. So there are many options, and BPK auditors are competent to handle them," he explained. ●



Don't let BPK just wait in 2023, but there will be a lot of findings later. If we work together, the government can improve its response to the pandemic based on BPK's findings and recommendations.

BPK FINDS 23 PROBLEMS REGARDING THE “SMART INDONESIA” PROGRAM

There is a distribution of PIP funds to students of at least 5.36 million students or Rp2.86 trillion is not on target because it is given to students who are not eligible/not nominated to receive the fund.

The Audit Board of the Republic of Indonesia (BPK) has completed an audit with a specific purpose (PDTT) on the management of the Smart Indonesia Program – Program Indonesia Pintar (PIP) for the period of the budget year of 2018 to Semester I 2020 at the Ministry of Education and Culture (Kemendikbud). Quoted from the Summary of Semester Audit Reports (IHPS) II 2020, the results of the audit concluded that the management of PIP in the Ministry of Education and Culture has met the criteria with exceptions. In total, the results of the audit of PIP management revealed seven findings containing 23 problems. These issues include 20 weaknesses in the internal control system, two issues of non-compliance with the provisions of legislation worth Rp33 million, and one issue related to economic aspects, efficiency, and effectiveness (3E) worth Rp2.86 trillion.

PIP managed by the Ministry of Education and Culture is one of the government's priority development programs. Through this program, the government provides assistance in the form of cash, expanded access, and learning opportunities to learners and students from poor or vulnerable families to finance education.

This program is also intended for students with special consideration, such as students who come from the families of participants in the Family Hope Program — Program Keluarga Harapan (PKH) or holders of the Prosperous Family Card – Kartu Keluarga Sejahtera

(KKS), with criteria as follow: orphan status/ from social orphanages/orphanages, come from the region affected by natural disasters, or from frontier, outermost, and underdeveloped areas, and some other special considerations.

The purpose of PIP for primary and secondary education is to increase access for children aged 6-21 years to obtain educational services until the end of the secondary education unit to support the implementation of 12-year compulsory education. In addition, PIP aims to prevent students from the possibility of dropping out of school due to economic difficulties and to attract school drop-outs to return to educational services at schools, learning studios, community learning activity centers, course and training institutions, other non-formal education units, or Technical and Vocational Education and Training Center.



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Meanwhile, the goal of PIP for higher education is to increase the expansion of access and study opportunities in universities for Indonesian students who are economically incapable, improve student achievement in academic and non-academic fields; ensure the continuity of student studies from frontier, outermost, and underdeveloped areas; and/or study at colleges in areas affected by natural disasters, or social conflicts, as well as increase gross participation rates in higher education.

BPK revealed, significant problems were found in the management of PIP in the Ministry of Education and Culture, including PIP planning that has not been implemented adequately as the basic data of education (dapodik) used as a source of data for proposing potential recipients is not reliable. Meanwhile, the National Student Identification Number (NISN) and NIK have not been used as a reference for providing assistance.

As a result, students who own KIP and/or who come from the families of PKH/KKS participants as many as 2.45 million students lost the opportunity because it was not proposed in the decree of receipt of PIP assistance. In addition, there is a distribution of PIP funds to students of at least 5.36 million students or Rp2.86 trillion that is not targeted because it is given to students who are not eligible/not proposed to receive.

BPK recommends to the Ministry of Education and Culture to verify and validate the contents of the dapodik of the education unit in order to manage the PIP as well as to clean and repair the data in accordance with the provisions of the applicable data governance. The Ministry of Education and Culture also needs to have standard procedures for dapodik operators to propose PIP recipients, use NISN and NIK as a reference for assistance, and account for the distribution of PIP to ineligible and undischarged students by depositing back into the state treasury.

BPK also found that PIP distribution and disbursement was inadequate. This is shown from the decree to determine the recipient of PIP is not timely, bank services are not optimal and reach all students, as well as the process of distributing PIP



There were PIP funds in 2019 and 2020 that settled for more than 105 days in distributor banks amounting to Rp1.98 trillion that have the potential to provide demand deposit interests amounting to Rp167.90 billion cannot be collected.

is not in accordance with the provisions.

As a result, the process of distribution and disbursement of PIP funds were hampered. Furthermore, there were PIP funds in 2019 and 2020 that settled for more than 105 days in distributor banks amounting to Rp1.98 trillion that have the potential to provide demand deposit interests amounting to Rp167.90 billion cannot be collected.

On that issue, BPK recommended the Ministry of Education and Culture to set the timeline for the issuance of decree and a clear distribution of PIP and improve the distribution control of PIP by the distributing banks. In addition, the disbursement of PIP funds for 2019 and 2020 that have not been disbursed more than 105 days to be accountable by return it to the state treasury.

Another finding by BPK is that the distribution of education assistance for poor students with achievement (Bidikmisi) has not been done optimally. Among them, Bidikmisi funds in the form of living expenses and education costs amounting to Rp69.54 billion have not been distributed to recipients, and there are 28 Bidikmisi recipients who are not registered in the Higher Education Database (PDDikti) with an aid value of Rp184.80 million.

As a result, Bidikmisi funds cannot be used by recipients and there is an overpayment for the distribution of Bidikmisi to students who are not registered in PDDikti.

BPK recommended the Ministry of Education and Culture to account for the undistributed Bidikmisi funds amounting to Rp69.54 billion, to return the Bidikmisi fund of recipients that are not registered in PDDikti and cannot be traced, to the state treasury, as well as to set the technical instructions for distribution of Bidikmisi/KIP Kuliah. ●

FOREIGN LOANS AND GRANTS (PHLN) AUDIT

An audit of the performance of the Foreign Loans and Grants (PHLN) as a whole is important to see how effective the government manages foreign loans as one of the sources of state budget financing, including the terms of the loans.

The Audit Board of the Republic of Indonesia (BPK) regularly perform audits related to Foreign Loans and Grants (PHLN) as part of the government debt audit. The PHLN can be sourced from multilateral creditors, bilateral creditors, foreign private creditors, and export credit guarantee/insurance agencies.

In accordance with the provisions, PHLN can be used to: (a) finance the deficit of the State Budget (APBN); (b) finance

priority activities of ministries/agencies; (c) manage the debt portfolio; (d) lend it to the local governments (Pemda) and subsequently the Pemda may continue to lend or donate to the Regional Owned Enterprises (BUMD); (e) lend it to State Owned Enterprises (BUMN); and/or (f) donate it to the Local Government.

Director General of Audit II, Laode Nusriadi, said that the PHLN audit was increasingly important during the Covid-19 pandemic. Moreover, the government dealing with the pandemic, has changed the posture of the State Budget (APBN) which has an impact on the increasing deficit of the 2020 APBN, which is 6.34 percent of Gross Domestic Product (GDP). The 2021 budget deficit is 5.7 percent of GDP.

Laode said the growing state budget deficit will have an impact on the growing need for government financing, which will largely be met through debt, both domestic and foreign loans, and/or the issuance of State Securities (SBN). "We need to control this policy in particular to ensure that the funds from the loan have been used as intended," Laode told *Warta Pemriksa*, late June.

michael longmire-unsplash



■ Laode Nusriadi

One form of PHLN is a project/program loan that is used to finance the priority activities of ministries/agencies, both in the form of projects and programs, and is usually accompanied by a grant. For this PHLN, the creditor (lender) asks the ministry/agency as the executing agency to prepare the financial report (LK) of PHLN as the financial responsibility of the project each budget year and given an opinion by an independent auditor. The obligation to prepare PHLN financial statement is performed until the end of the PHLN agreement (loan agreement).

Laode said, the project/loan program has become one of the targets of performance audit on debt management in ensuring minimum costs and controlled risks as well as fiscal continuity, which has been done by Directorate General of Audit (AKN) II in the second semester of 2019. "From the performance audit, especially related to PHLN, we assess that the Ministry of Finance and National Development Agency are still lacking in synergy in monitoring and evaluating the performance of projects/activities funded through PHLN," said Laode.

Some of the problems found in the performance audit are mainly related to the readiness of project implementation/activities, such as obstacles in land acquisition, delays in procurement/auction of goods/services, and poor performance of contractors, which are factors causing delays in project implementation and delayed loan absorption. Furthermore, the delay in the absorption of the loan causes a commitment fee, which is a fee charged on the value of the loan that has not been withdrawn/disbursed (undisbursed).

This commitment fee becomes an ad-

ditional burden of the state budget if the project experiences an extension of the loan withdrawal time limit (date drawing limit) from the limit listed in the loan agreement. "Therefore, at the planning stage, an assessment of the readiness of the project is needed," said Laode.

According to Laode, in the future, an overall performance audit related to PHLN is essential to see how effective the government manages foreign loans as a source of state budget financing, including the loan requirements. In addition to improving governance in accordance with PHLN management principles, the audit is expected to mitigate the risk of a debt trap. Once again, stressed Laode, BPK needs to continue to oversee the governance of PHLN to ensure that the government has managed PHLN prudently.

Financial audit framework

In the context of financial audit, Laode said, BPK's audit of PHLN was conducted in two audit frameworks. First, the audit of PHLN in the framework of giving an Opinion on the Financial Report of the Central Government/Financial Report of the State Treasury (BUN)/Financial Report of the Ministry/Agency (K/L) (LKPP/LKBUN/LKKL).

Audits are conducted to assess the appropriateness of presentation and disclosure of PHLN accounts and transactions with Government Accounting Standards (SAP), compliance with legal provisions including provisions related to loan agreements, and the Internal Control System (SPI) of PHLN transactions recording and reporting. The targets of the audit include, receipt of BUN financing from foreign loans, disbursement of BUN financing for loan principal repayment, BUN expenditure for loan interest payment, and BUN income from foreign grants, also K/L expenditure whose funding source comes from PHLN. Second, the audit of PHLN in the framework of giving an opinion on PHLN financial report (LK) as the financial responsibility of the project/program, specifically to meet the needs of creditors (lenders) in accordance with the provisions in the loan agreement. This year, BPK audited 34 PHLN LKs, consisting of 25 foreign loan LKs, and 9 foreign grant LKs available in 15 ministries/agencies. The PHLNs include 12 PHLNs sour-



We need to control this policy in particular to ensure that the funds from the loan have been used as intended.

ced from the Asian Development Bank (ADB), 4 PHLNs from the International Fund for Agricultural Development (IFAD), and 18 PHLNs from the World Bank (WB).

In general, there is no difference in methodology in the PHLN audit either in the framework of the LKPP/LKKL/LKBUN audit or in the framework of the PHLN LK audit. The audit standard uses the State Financial Audit Standard (SPKN) which applies the audit standards contained in the Professional Standards of Public Accountants (SPAP) set by the public accountant profession association. However, specifically for PHLN LK, the provision of Opinions is not always based on Government Accounting Standards (SAP), but can also be based on the basis or reporting framework agreed with the lender contained in the loan agreement, Term of Reference (ToR) and/or other documents associated with the PHLN.

According to Laode, almost all PHLN LK audited by BPK over the past five years have obtained a Unqualified (WTP) opinion. This shows that from the aspect of financial accountability, the management of PHLN in general has been quite good. However, there are still some compliance and internal control issues that still need to be resolved by the government. Problems in the management of PHLN can include various aspects, such as planning, implementation and reporting. Based on the audit carried out so far, there are more problems in the implementation aspect, such as the implementation of activities financed from loans or foreign grants not in accordance with the procurement guidelines set out in the loan agreement.

Regarding conducting PHLN audit, Laode added that PHLN audit that aims to provide an opinion on PHLN LK is not only conducted by BPK, but also by the Indonesia's National Government Internal Auditor (BPKP) and Public Accountant Office (KAP) in accordance with the loan agreement. The audit of PHLN LK, said Laode, is basically part of the state's financial management and responsibility audit. Therefore, there should be no significant methodological differences between the audits conducted by BPK, BPKP or KAP. However, operationally there may be differences, in terms of audit procedures or techniques. "Therefore, starting this year, BPK has initiated communication with BPKP to discuss the PHLN LK audit model," said Laode. ●



michelle henderson-unsplash

HOW BPK ENGAGES WITH STAKEHOLDERS

When BPK's tweet got retweeted by the INTOSAI Journal Twitter account, it will bring greater impact within the international community.



The Audit Board of the Republic of Indonesia (BPK) plans to continue improving communication with wider public. This is done by utilizing social media, especially Twitter and Youtube for activities involving the international community.

"For activities involving the international community, English will be used as the language," said Deputy Director of International Cooperation, Kusuma Ayu Rusnasanti.

In practice, she said, SAI of Thailand created a special Twitter account to communicate its role in the international cooperation. SAI of UAE uses two languages in conveying information if the activity involves the international community.

SAI of Saudi Arabia even has two different accounts for Arabic and English. That way, it can get greater attention from the public who do not understand Arabic.

Another plan we had, she said, is to increase the delivery of information related to BPK's involvement as subject matter expert. Also, the cooperation with the partner SAIs in the context of increasing audit capacity. Then, other BPK's involvement in activities within the scope of associations both nationally and internationally.

"It is expected that through BPK's activeness in social media, it will increase the impact of BPK's audit in achieving national goals," she said.

Kusuma explained that BPK's communication approach in the world of international cooperation was formally carried out using the BPK's official international e-mail channel. In addition, information dissemination on international activities is also carried out through the BPK's website in English and Twitter to get wider attention from general public.

"However, more intensive and technical communication with international counterparts is carried out by the one who is responsible for a certain portfolio of the international cooperation with the certain parties," she said.

Kusuma explained, in reaching the public and other stakeholders, it is necessary to categorize the intended communication target. Each target category will have their own different communication strategies as needed. As an illustration, stakeholders of international cooperation includes auditing agency organizations, SAI counterparts, international organizations, governments, communities, and internal BPK.

Media communication with stakeholders of international cooperation is done through e-mail, video conference, and visits (if there is no pandemic). This media is also used to establish communication with other SAIs, SAI Counterpart, an international organization. Meanwhile, communication with the public is done through social media. Whether it's the news on the website or the BPK's official twitter.

No less important is the internal BPK stakeholders. For this, international cooperation division has a portal containing the latest activities of international cooperation. This portal that can be accessed by BPK employees as a form of internal knowledge management.

International cooperation division also has the auditing and accounting discussion series forum. This is an English-language discussion forum to discuss issues related to accounting, auditing, and the results of other international collaborations. In addition, it also organizes an English language forum every week called English Connection.

Stakeholders BPK

From the perspective of international cooperation, the public and stakeholders who want to be reached are those who are directly related to BPK's international cooperation activities with SAI Counterpart, namely:

- Main stakeholders. Includes SAI counterpart, both SAIs that have cooperation with BPK based on bilateral cooperation, agreements, or other commitments G to G, as well as BPK's relationship with SAI associations (ASEANSAI, ASOSAI and INTOSAI), UN, and other international organizations.
- External stakeholders. This includes Indonesian foreign ministries (including the Indonesian Embassy), foreign ministries SAI counterparts (including their embassies in Indonesia), the Ministry of Finance, the Coordinating Ministry for the Economy, DPR, and other relevant Ministries/Agencies, as well as the general public.
- Internally at BPK stakeholders international cooperation covers all work units related to the international cooperation and BPK employees, both as SME and activity participants.

Kusuma explained, in the context of communication with the main stakeholders (international organizations/other SAIs), the most effective communication channel is e-mail. However, in communicating international cooperation to the international public, the channel that is considered the most effective is Twitter.

Twitter is considered adequate in terms of communicating achievements and other activities carried out by BPK to the public nationally and internationally. This is thanks to the form of conveying information that is concise and it is possible to link with website CPC links or other links.

She added, the tag feature also allows BPK to link tweets made on Twitter with official accounts of stakeholders. Both ministries/agencies, institutions within the scope of INTOSAI, as well as other external organizations in the national and international scope.

Media Channels Used

- Live meeting. For example the implementation of high level meetings, training, secondment, workshops, seminars, symposia, congress.
- Virtual meeting, especially during the pandemic to replace face-to-face meetings. Meeting media used include Zoom, Microsoft Teams, Webex.
- E-mail. This is a means of formal and informal communication to communicate and coordinate the implementation of cooperation.
- Whatsapp/Viber/Kakaotalk, and others. This is for less formal communication and coordination.
- Website, news, social media such as Facebook/Twitter. This is to publicize international cooperation activities (through BPK communication media channels)
- Portal to inform employees of international cooperation activities.
- Discussion forum. English connection for general discussion forums in English. Then accounting auditing discussion series as an effort to internalize BPK's capacity obtained from international activities to other BPK employees and other Knowledge Transfer Forums based on needs.

According to Kusuma, BPK also reviewed the practices carried out in the international sphere, particularly INTOSAI. There is one publication media managed by the United States SAI as a means of publishing INTOSAI activities, namely INTOSAI Journal.

INTOSAI Journal publishes publications on the activities of SAI members four times a year. In the daily manner, INTOSAI Journal is also quite active in social media, starting from Twitter, Instagram, Youtube, and LinkedIn.

The INTOSAI Journal social media account, especially Twitter, has quite a lot of followers. The followers consist of official accounts of INTOSAI members and SAI' officials and other INTOSAI stakeholders.

"Therefore, when BPK's tweet got retweeted by INTOSAI Journal Twitter account, it will bring greater impact within the international community," said Kusuma. ●

FLOW OF PUBLIC INFORMATION INQUIRY



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Civil society
◆ Come directly to PIK
◆ By phone
◆ By fax
◆ By PO BOX
◆ Website



Requirements

- ◆ Fill out Request form for Public Information and Submission Receipt of Public Information Document
- ◆ Attachments:
 - ID Card
 - Formal letter of request, for institutions/agencies
 - Deed of Corporation, for Non-Governmental Organization (NGOs) and Civil Society Organization (CSO)



PIK Officer will record applicant's data and the requested information, then process the request for information.

Requirements are complete ✓



When all requirements are complete

PIK Officer will provide the requested information along with a Public Information Document Submission Receipt.

Requirements are incomplete ✗



If requirements are incomplete

1. Clarification
2. Applicant completes the application

PREPARING THE FIRST SUSTAINABILITY REPORT (SR)

BPK's Sustainability Report is on progress and expected to be published in early of May 2021.

As one of the Supreme Audit Institutions (SAI) with high interest in achieving the Sustainable Development Goals (SDGs), the Audit Board of the Republic of Indonesia (BPK) will prepare its first sustainability report. This initiative is an example of BPK's tangible steps toward being a role model for other organizations in achieving SDG goals.

According to Tjokorda Gde Budi Kusuma, a member of the BPK Sustainability Report Team, there are four approaches to safeguarding the implementation of SDGs. The first three methods cover the BPK conducts audit on readiness, performance audit and accountability audits at all stages. And as the fourth approach is by being a role model.

"This means that BPK not only audits other institutions, but BPK is also a role model for achieving SDG goals," Tjokorda told *Warta Pemeriksa* on Friday (5/3).

BPK, according to Tjokorda, tries to complete those approach by producing a sustainability report. BPK prepare a reports on its annual activities which summarizing the progress to achieve the SDGs' goals.

Tjokorda adds that the development of BPK's eco-office and smart office concept is an example of how the BPK as an office implement SDGs Goal 12 on Responsible Consumption and Production, which includes a strategy to minimize document printing. BPK has had a lot of success in reducing the amount of paper used with the support of information management systems in BPK's business process implementation.

Apart from environmental problems, social issues such as gender equality in the workplace are also highlighted. The report also looks at how effective the BPK's recommendations are at saving and restoring state losses, according to Tjokorda.

"This report will be the world's first sustainability report at the SAI level. Even though there was a regional level of SAI in Taiwan that have published a sustainability report, BPK still has the potential to be the first SAI in the world to publish a sustainability report at the country level. Hopefully, this



■ Tjokorda Gde Budi Kusuma



BPK not only audits other institutions, but BPK is also a role model for achieving SDG goals.

first initiative will serve as a model," he said.

Tjokorda explained that the global publishing of sustainability reports coincides with a recognition that economic indicators cannot be used as the sole indicator of a country's development. This is because a variety of factors, such as environmental and social factors, must be considered in the pursuit of economic growth.

As a result, a triple bottom line thinking paradigm arises, putting people, planet, and profit first. As a result, businesses are no longer solely concerned with profit, but rather with two other factors.

"Then the term 'sustainability' is raising. This means that we must consider three dimensions when carrying out activities: economic, social, and environmental," Tjokorda said.

The concept of balance between nature, environment and economy then reached its peak when the United Nations (UN) launched the Sustainable concept arose as a result of this growth.

As a result, the corporation or entity is held accountable not only financially, but also socially and environmentally.

According to Tjokorda, the Financial Services Authority Regulation Number 51/POJK.03/2017 mandates the submission of sustainability reports alongside financial reports by financial service institutions, issuers, and public corporations in Indonesia.

In SDGs issues, Tjokorda said, BPK is very actively involved up to the global level. Particularly in environmental issues, BPK actively joins the INTOSAI Working Group on Environmental Audit (WGEA). In fact, BPK was once the chairman of INTOSAI WGEA.

According to Tjokorda, BPK's sustainability

report will be completed in March 2021. "I'm hoping everything goes smoothly, particularly because this is the first time. Furthermore, the available resources are severely restricted," Tjokorda said.

He clarified that producing the report requires the qualification of personnel with the Certified Sustainability Report Specialist certification (CSRS). The qualification is only held by 16 people at BPK.

"However, with the support of BPK Secretary General and other echelon I, it is hoped that the process will run smoothly. Since data collection and analysis are needed," he said.

The focus of the first edition of the report is on how BPK adapts its operations in facing

A SUSTAINABILITY REPORT REFLECTS ACCOUNTABILITY COMMITMENT

BPK Head of International Cooperation, Kusuma Ayu Rusnasanti conveyed that the concept of Sustainability Report (SR) prepared by BPK has been completed and is currently being validated. BPK targets to publish the SR in late April or early May 2021. Kusuma Ayu emphasized that SR is a manifestation of BPK's commitment to continue to echo accountability.

SR, she explained, is a report that shows the benefit of BPK to stakeholders in terms of promoting sustainability. BPK operations are organized by SR in accordance with the Global Reporting Index (GRI) disclosure and reporting requirements. This Sustainability Report will detail BPK's involvement in activities related to economics (GRI 200), environmental sustainability (GRI 300), and social welfare (GRI 400).

"This SR is a form of BPK's public accountability and transparency. "The "Core" approach is used in BPK's first SR, which is to display such indexes based on the available data," Kusuma Ayu told *Warta Peme-riksa* on Tuesday (27/4).

Kusuma Ayu admits that there are still many aspects that need to be improved. In the process of compiling this initial SR, she said, it was known that other indexes have high materiality for stakeholders, while BPK is constrained in two situations not to



disclose it. Both of these are activities that have not been carried out or activities that have been carried out but have not yet met reporting requirements in terms of data availability and benefit assessment.

"As a result, a follow-up is needed to address these flaws. This will be a source of feedback and development for BPK in the future " she said.

She explained, in accordance with the theme of the 2020 SR and the 2020 BPK Annual Report: "Accountability for All", BPK recognizes that the concept of accountability is essential not only for BPK, but also for all relevant stakeholders. Accountability is a principle that must be valued in the management of state

the Covid-19 pandemic. According to Tjokorda, the pandemic has actually accelerated the achievement of the SDGs from an environmental standpoint.

“They use less paper, for example, since they are required to work digitally. The office’s use of electricity would be more effective as a result,” Tjokorda said.

In addition, the report will highlight the audit’s major accomplishments from an economic standpoint. BPK’s contribution, he demonstrated, had an indirect impact. This ensures that if BPK’s recommendations are followed, fiscal gains will be realized. If the recommendations are related to compliance, the state losses incurred can be recovered.

“Then, during the Covid-19 pandemic, BPK also directly oversee the use of the National Economic Recovery (PEN) fund,” he said.

Tjokorda believes that the sustainability report will help BPK reaffirm its commitment to promoting SDG achievement in the respective audited entities. He see that this is as a reflection of setting an example for other Indonesian institutions.

“This is in line with the SAI Performance Measurement Framework (PMF) as well. One of them is how a SAI gives a significant impact from its audits. This sustainability report will serve as proof that BPK’s activities have an economic, social, and environmental impact,” he said. ●

finances and it is more than a slogan or a duty, but an aspiration for the public and stakeholders from all walks of life to recognize the importance of accountability in the management of state finances.

This is in line with the vision set by BPK in the 2020-2024 Strategic Plan (Renstra): “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”. For BPK, she emphasized, accountability is not just an understanding for the general public, but also important for managing state finances. Therefore, the socialization of BPK’s active role is very important in managing accountability. Meanwhile for BPK, the spirit of “Accountability for All” will be a driving force in developing the role of oversight and insight into foresight by continuing to uphold the fundamental values of independence, integrity and professionalism.

“With the principle of Accountability for All, in the SR approach, BPK hopes that this principle can extend to all aspects, not only to economic aspects, but also to environmental and social aspects of concern in the Sustainability Report,” she said.

With attention to economic, social and environmental aspects according to the SR approach, BPK is expected to start having work programs and priorities that are sustainable and prioritize benefits for stakeholders for these three aspects as an expansion of the implementation of BPK’s mandate.

She added that, along with its commitment to

contribute to national development, BPK harmonized its audit strategy while also serving as an audit supreme institution, overseeing the implementation of the Sustainable Development Goals (SDGs) and promoting the 2030 Agenda’s achievement. BPK also carried out the INTOSAI agreement on four approaches in auditing SDGs. First, assessing the readiness of a country in implementing the SDGs. Second, conducting an audit of government programs that have SDGs aspects. Third, assess and support the implementation of the 16 SDGs in realizing effective, accountable and transparent institutions. Meanwhile, the fourth is to become a role model for transparency and accountability in organizational governance.

Kusuma Ayu revealed that all stakeholders were involved in the SR preparation, including internal stakeholders such as BPK employees and board members, as well as external parties associated with BPK, represented by various groups such as auditees (ministries/institutions/ BUMN), professional societies, media, and academics from university circles.

“In terms of content, the SR has evolved into a draft one. Validation and referral approval are currently underway. Internal validation, such as board members’ approval and published directions, are included in this validation. Then, external validation made by a Certified Sustainability Reporting Assuror (CSRA) to find out whether the SR that BPK compiled is compliant with the SR reporting rules with reference to the GRI Index.” ●

AUDIT INVESTIGATION ON CONSTRUCTION WORKS

Auditor must be fully responsible on the expert's reports.



kawser hamid/pexel

The Audit Board of the Republic of Indonesia (BPK) is very concerned on various infrastructure development projects in Indonesia. This is consistent with the current government's focus on infrastructure development in various regions.

BPK also contributes by conducting audits, either on a regular or investigative basis. "BPK is also concerned because BPK has the duty to audit the management of state finances, so we are present," said Ni Ketut Susilawati during the Virtual Discussion Series: Physical Testing of Construction Works in an Audit, moderated by Egang Febritama Irawan, which was organized by the Community of State Finance Investigative Audit, on Thursday (17/6).

Susi explained that BPK had provided guidance in the construction or infrastructure audit. This is to provide a common understanding among members of the audit team in conducting the audit.

Physical testing in infrastructure auditing typically begins with the preparatory stage. The initial data collection and analysis were completed at that time.

"We collect working documents such as contracts and payment documents, and if necessary, we ask the entity for an explanation about the working packages carried out at the entity," she explained.

The BPK audit team then coordinates with the audited entity on the package, schedule, and location, as well as the physical testing method to be used. A report will be issued once an agreement has been reached. Then, a physical audit is performed and the results of the physical audit are rewritten in the official report. Respective parties such as inspectors, contractors, and supervisory consultants sign the minutes as well.

Susi explained that there is a pre-planning stage of investigative audit (PI) or preliminary information review. This is conducted prior to the PI planning process and the calculation of state losses (PKN), with the goal of establishing a sufficiently strong and accurate reason for both PI and PKN to be carried out objectively and accounted for.

"If in reviewing the initial information or in the pre-planning stage, we find any deviations or reasons for deviations that are indicated to be related to a criminal act, we will continue with an investigative audit in order to uncover the deviations in the indications of a criminal act," said Susi.

This audit will result in an Investigation Audit Report (LHP) exposing that there are irregularities that indicate a criminal act. This report is then forwarded to the authorized agency or law enforcement officer (APH) for further investigation.

For investigative audits with the aim of calculating state losses, APH typically requests BPK for this kind of audit. According to Susi, during the process, APH wrote to BPK to conduct PKN, which is usually already in the investigation process. If the information provided in the request is sufficient for the calculation of state losses to be performed, the request can be continued.

"The output is the PKN LHP which will be the basis for BPK experts to provide expert testimony in court," she said.

Susi said that there were differences in the physical audit process in the investigative audit, and the investigative audit in the context of calculating state losses. Susi explained that the audit team will look for experts who are competent, independent, and willing to work for BPK during an investigative audit.



If in reviewing the initial information or in the pre-planning stage, we find any deviations or reasons for deviations that are indicated to be related to a criminal act, we will continue with an investigative audit in order to uncover the deviations in the indications of a criminal act.

Meanwhile, in calculating state losses, in general, experts have been provided by investigators. Thus, the information and data used in the audit are obtained from investigators.

When the experts conduct the physical audit, the audit team will still be present in the field. This is done as a precautionary measure to ensure that the physical audit performed by the expert is sufficient for the auditor in the PKN process.

Although the BPK audit team did not conduct physical tests in principle, the team was present to observe how the experts conducted physical tests. This will also help BPK in court to give their assurance to judges.

"In the investigation, we use experts to conduct physical tests because this is related to giving judges assurance in court later," Susi explained.

Susi stated that BPK needed to reassu-

re judges by involving competent experts. Meanwhile, BPK will provide expert testimony as part of the state's loss calculation. Academics, practitioners, and professional associations can all provide experts.

Susi admitted that using experts gave the audit team more confidence because the physical audit was carried out by experts. Furthermore, these experts can provide convincing audit results if they are competent. However, the BPK audit team must retain a thorough understanding of the work assigned to these experts.

Susi emphasized that auditor must be fully responsible for the expert's reports. This is due to the fact that in the process of calculating state losses, the team will rely on expert reports. "Because the PKN LHP is a product of BPK, we must be able to ensure that the expert's work is sufficient to meet the purpose of our audit," she explained.

During the pandemic, audits require BPK to actively use digital technology. Susi stated that BPK's audit guidelines included instructions for remote audits. Nonetheless, certain parameters such as the availability of the internet network and the entity's proficiency with digital technology are taken into account.

If access to the location is still possible, the audit is still attempted through direct physical testing because it is more convincing. Currently, more in-person audits are being conducted, because conditions are still possible and are accompanied by strict health protocols.

Susi revealed that while conducting a construction work investigation, she experienced a variety of joys and sorrows. She stated that one of the most enjoyable aspects of the audit was the opportunity to travel throughout Indonesia.

Nonetheless, auditors frequently have to travel a long distance to reach the location of physical work. "I'll have to take a commercial flight first, then a small private plane that doesn't fly every day and has limited seats. "It was then continued by ship, and then again by land vehicle," Susi explained.

Susi stated that there was an audit took two days just to get to the physical testing location. This, of course, necessitates careful planning so that field audits can be conducted efficiently in a short period of time. ●



ENCOURAGING BUDGET CREDIBILITY THROUGH AUDITS



Budget performance measurement cannot be carried out solely based on the accuracy of revenue and expenditure targets. Performance measurement also includes a broad range of indicators, including planning of the entity's activities.



■ Agus Joko Pramono

The Audit Board of the Republic of Indonesia (BPK) shares the experience of auditing the credibility of government budgets in an international discussion forum that was held virtually entitled “How Can External Audits Promote Budget Credibility? Leveraging the Role of Supreme Audit Institutions” on March 25, 2021. This forum is a collaboration between the United Nations Department of Economic and Social Affairs Division for Public Institutions and Digital (UNDESA DPIDG) and the International Budget Partnership (IBP). Representing BPK, Vice Chairman of BPK, Agus Joko Pramono explains, BPK is given a mandate by the state based on Law Number 15 of 2004 concerning State Financial Management and Accountability Audit, whose authority is manifested in Law Number 15 of 2006 concerning BPK.

Agus said, BPK has also adopted INTO-SAI-P 12 regarding the value and benefits of Supreme Audit Institutions (SAIs).

On that basis, BPK is enthusiastic about increasing the value and benefits by conducting an audit of the performance of the preparation of the 2015 State Budget and of auditing the performance of quality expenditure management within the framework of a performance-based budget in 2018. Both audits are one of BPK's efforts to increase the credibility of the State Budget.

“The audit criteria are compiled and developed from various regulations, methods that can be accepted by various parties, and involve economists and fiscal policy experts in a group discussion forum. The audit criteria are agreed between BPK, Minister of National Development Planning / Head of Bappenas and Ministry of Finance,” he said.

On this occasion, Vice Chairman of BPK also explained at least three points regarding lessons that can be drawn from the audit experience. First, budgeting audits can be carried out simultaneously on planning and budgeting policy-making entities. In this audit, sampling can be carried out at significant ministries/agencies.



■ Aranzazu Guillan Montero

Second, budget performance measurement cannot be carried out solely based on the accuracy of revenue and expenditure targets. Performance measurement also includes a broad range of indicators, including planning of the entity's activities.

Third, the measurement of budget credibility cannot be implemented adequately due to weaknesses in budgeting documentation involving the government and the Parliament (DPR).

Meanwhile, Representative from UNDESA DPIDG, Aranzazu Guillan Montero, gave several suggestions regarding how the SAIs can deepen the analysis to increase budget credibility.

First, she said, SAI must routinely carry out audits related to budget irregularities.

Second, SAI should focus on performance, that is, by assessing the performance of government programs against budget allocations, including longitudinal analysis to identify trends. Furthermore, conducting performance appraisals related to the budget function and budgeting process.

Meanwhile, the third is sharing of best practices to improve audit recommendations

related to budget credibility. The goal is to make audit recommendations more detailed and have a big impact.

Representative from IBP, Viviek Ramkumar, explained that this forum is part of the IBP's 3-year project, namely "Strengthening Budget Credibility for Service Delivery" which aims to improve effective governance to reduce poverty.

IBP found that although the number of children dropping out of school due to underfunding was always increasing in Nigeria, 12-37 percent of the country's education ministry budget was not utilized during 2013-2017.

The same condition happened in Sri Lanka where the expenditure budget for agriculture and irrigation was never utilized as much as 10 to 40 percent during 2011-2017. As a result, the productivity of the agricultural sector, which employs 26 percent of its citizens, always decreases.

The results of this forum will be used as input in the preparation of the handbook that will be published by IBP. About 325 participants in this forum gave suggestions on the contents of the handbook to be published. Most of the participants (65 percent) stated that "tools and measures that can be used to improve audits related to credibility" of the handbook considered to be the most useful in supporting SAI's efforts to increase budget credibility.

In addition to gaining knowledge and learning related to budget credibility from international organizations and other SAIs, BPK's involvement in this forum is expected to make BPK more recognized in the international community as one of the SAIs that actively supports efforts to increase the credibility of government budgets through audits. ●



■ Viviek Ramkumar

AUDIT ON IMO ENTERED FINAL STAGE

BPK audit results are expected to improve the quality of IMO's internal control, governance, and current practices.



Secretary General of the Audit Board of the Republic of Indonesia (BPK) Bahtiar Arif as Auditor in Charge of the external audit team for International Maritime Organization (IMO) led the Exit Meeting of the IMO Financial Audit FY 2020 on Wednesday (31/3). In his remarks, Bahtiar expressed his appreciation to IMO management and staff for the support and assistance given throughout the audit process carried out remotely.

Bahtiar stated that the audit entered the final stage, which was reporting. The IMO Financial Audit Report consisted of an audit opinion and Long-Form Report, and was submitted to IMO on 7 May 2021. The audit team hoped the Audit Report could be presented in person at the 125th Session of IMO Council Meeting.

During the audit, audit team had conveyed inputs for the improvement of IMO's Financial Reporting and revision of the Secretary General's Concept Statement. These inputs have received approval from the IMO Management. The audit team had also submitted Audit Observations to IMO.

At the virtual meeting, BPK Secre-



tary General was accompanied by R. Yudi Ramdan Budiman (Deputy Auditor in Charge), Nanik Rahayu (Audit Supervisor), and Endra Noviandy (Audit Team Leader). Meanwhile, IMO delegation was led by Arsenio Dominguez as Director of Administrative Division.

IMO appreciated the financial audit conducted and provided positive responses to the audit observations submitted. BPK audit results are expected to improve the quality of IMO's internal control, governance, and current practices.

According to IMO, BPK's audit would greatly help IMO to keep being up-to-date with the United Nations (UN) Organization system and the International Public Sector Accounting Standards (IPSAS).

This virtual meeting was also attended by IMO Audit Team Members, namely Igna Dias Augustavia, Prima Eka Candra, Pitriyanti, Achmad Rasyid Maula, Normas Andi Ahmad, Yusminarni Syam Zandrato, and Muh Abdur Rohman. From IMO's side, also present were management and staff: Annabelle Viajar, Richard Greenwood, Ingrid Lopez-Cardona, Liya Dominic, Polinikis Sophocieous, Dominic Walter, Ita McBride, Bianca Ochs-Fawzy, Vincent Job, Prakash Joshi, Andrew Richardson, Darshana Ranmuthu, and Kas Khan. ●





CONVEYING IAEA AUDIT RESULTS, BPK ENSURES ITS BEST SERVICE

To date, BPK has provided 79 recommendations.



■ Chairman of BPK Agung Firman Sampurna

The Audit Board of the Republic of Indonesia (BPK) conveyed audit results of the International Atomic Energy Agency (IAEA) for the fiscal year 2020 during the Program and Budget Committee (PBC) Meeting of IAEA held on May 4, 2021. This is the second PBC meeting conducted virtually due to the Covid-19 pandemic.

On that occasion, the Chairman of BPK, Agung Firman Sampurna, said that next year will be the last chance for BPK to become the external auditor of IAEA. Therefore, BPK remains committed to provide its best possible service to enhance the IAEA's accountability, which in turn will increase stakeholder confidence.

He added, as the next year is the last

chance, BPK is preparing a hand-over to the next external auditor. This is based on ISA 300 on Planning an Audit of Financial Statements. For the purpose of this hand-over, BPK audit team has prepared well the audit documents, including worksheets and audit report. This also includes monitoring the follow-up of BPK recommendations. The audit of IAEA will be reviewed by the Inspectorate General (Itama) of BPK. This is for the purpose of hand-over and to obtain quality assurance that the BPK's audit has been carried out properly, in accordance with ISA and IS-SAI. Preparations for the review by Itama will begin this year. In this meeting, Chairman of BPK also expressed his belief that the purpose of audit can be achieved even if the audit is conducted remotely. The FY 2020 audit is the fifth year for BPK as IAEA external auditor.



BPK remains committed to provide its best possible service to enhance the IAEA's accountability, which in turn will increase stakeholder confidence.

As in previous years, the audit included financial and performance audit on the IAEA.

Financial audit aims to obtain sufficient assurance that IAEA's financial statements are free from any error or fraud. Also, it has been compiled in accordance with the International Public Sector Accounting Standards (IPSAS). Meanwhile, performance audit aims to assess the effectiveness of management in IAEA.

In the FY 2020 performance audit, the audit objects are Sustainable Intensification of Livestock Production Systems, Sustainable Control of Major Insect Pests, Radioisotope Production and Radiation Technology, and Incident and Emergency Preparedness and Response so as to improve IAEA's service to Member States.

Financial and performance audits of FY 2020 were carried out remotely. However, BPK remains compliant with the International Standards on Auditing (ISA) and the International Standards of Supreme Audit Institutions

(ISSAI). For five years in a row, IAEA Financial Statements obtained an unqualified opinion. However, there are some recommendations given for improvement. In the FY 2020 audit, BPK provided 21 recommendations.

Some of the recommendations in the financial audit related to the cash deficit, Project Inventories In-Transit to Counterparts, consultants and experts, funding mechanisms for After Service Health Insurance (ASHI), and the completion of the draft internal control framework. Meanwhile, the recommendation for performance audit of FY 2020 is related to Emergency Preparedness and Response (EPR). It is recommended that IAEA should expand its scope and cooperation in promoting the EPR Information Management System (EPRIMS).

BPK also understands that IAEA is currently working to collect assessed contributions from member states. Moreover, the Covid-19 pandemic has also affected the contributions that have been successfully collected. In the performance audit, BPK also appreciated that IAEA had effectively managed its programs.

To date, BPK has provided 79 recommendations. During this audit, BPK audit team always monitored the follow-up of the recommendations. Recorded in the monitoring of recommendations for the period 2016–2019, 56 recommendations have been followed up.

That number is about 70.89% of the total recommendations. BPK appreciates these achievements and expects the recommendations to be a stimulus to improve IAEA's internal control, accountability, and transparency.

Along with Chairman of BPK, delegates who attended the meeting were Vice Chairman of BPK, Agus Joko Pramono, Auditors in charge, Bahtiar Arif and R Yudi Ramdan Budiman, Director of Public Relations Bureau and International Cooperation, Selvia Vivi Devianti, as Performance Audit Supervisor, I Gede Sudi Adnyana, Financial Audit Supervisor, Cipto Nugroho, and Deputy Director of International Cooperation, Kusuma Ayu Rusnasanti. ●

BPK VICE CHAIRMAN JOINED DISCUSSIONS AT THE 54TH UN IAAC MEETING

Through the role as Vice Chair of UN IAAC, Indonesia is able to contribute and playing a greater role in enhancing and facilitating supervisory cooperation among institutions under the United Nations.



■ Agus Joko Pramono



Vice Chairman of the Audit Board of the Republic of Indonesia (BPK) Agus Joko Pramono as Vice Chair of Independent Audit Advisory Committee (IAAC) of the United Nations (UN) attended the 54th Meeting of UN IAAC held virtually on 21-23 April 2021 through Microsoft Teams application.

Also present were four other members of IAAC, namely Janet St Laurent (United States) as Chair, Dorothy A Bradley (Belize), Anton V Kosyanenko (Russia), and Imran Vanker (South Africa), as well as IAAC Executive Secretary Moses Bamuwamye.

The agenda for this 54th meeting were a series of discussions with Controller, Assistant Secretary-General for Programme Planning, Finance and Budget Chandramouli Ramanathan; Under-Secretary General for Office of Internal Oversight Services (OIOS) Fatoumata Ndiaye; Under-Secretary General for Department of Management Strategy, Policy and Compliance (DMSPC) Catherine Pol-

lard; and Under-Secretary General for Department of Economic and Social Affairs (DESA) Liu Zhenmin.

The meeting with Ramanathan discussed the 2022 program budget plan and operational implications in the organization's financial reports related to Peace Keeping Operation, as well as the After Service Health Insurance (ASHI). Followed by a discussion with the Under-Secretary General for OIOS Ndiaye on the 2022 budget proposal and the issue of capacity gap, as well as the status of OIOS recommendations followed up by management. The meeting also discussed about top 10-20 recommendations which has not been followed up.

The Committee also met with the Under-Secretary General for DMSPC Catherine Pollard on the discussion regarding the implementation status of recommendations in the oversight body. Particularly on the review on recommendation follow-ups given by the Board of Auditors, and issues related to Enterprise Risk Management (ERM), as well as status of risk treatment and response plan. Included in the discussion was ERM Module in Umoja application.

Another important discussion was held with the Under-Secretary General for DESA Liu Zhenmin, with a report on the repositioning of UN development system in fulfilling 2030 Agenda for Sustainable Development in an integrated and efficient manner amidst COVID-19 pandemic as the main agenda. Followed by a discussion on SDGs database managed by UNDESA.

Through the role as Vice Chair of UN IAAC, Indonesia is able to contribute and play a greater role in enhancing and facilitating supervisory cooperation among institutions under the United Nations. Furthermore, Indonesia can also play a role in ensuring management compliance to the audit result and recommendations from other oversight bodies. Lastly, the role helps enhance BPK's image as a competent institution with international recognition. ●



BPK HIGHLIGHTS TWO CRITICAL ISSUES IN THE EXTERNAL AUDITOR'S REPORT OF THE UNITED NATIONS

Changes in the global economic situation have an impact on financial statement presentation and audit reporting.

The Audit Board of the Republic of Indonesia (BPK) presented two critical issues at the 36th Meeting of the Technical Group, which took place on Monday, April 19, 2021. This is a meeting series of the United Nations Panel of External Auditors—the Specialized Agencies and the IAEA.

The meeting was held virtually by the UN Board and Panel of External Auditors Secretariat based at UN Headquarters, New York, United States of America. The purpose of this technical level meeting was to share experiences on the impact of the Covid-19 pandemic on UN agency audit activities and strategic issues in these audit activities.

BPK Secretary General, Bahtiar Arif, conveyed the first issue, namely “Impact of Covid-19 on Financial Statement Disclosures and Financial Reports Arising from Audits-Case Study in IAEA”. BPK shared experiences in conducting audits for the International Atomic Energy Agency (IAEA) during a pandemic.

He explained that the Covid-19 pandemic’s restriction policy had a significant impact on financial statement disclosure. Changes in the global economic situation have an impact on financial statement presentation and audit reporting. Accounts that rely on economic situations, such as cash deficits, investment income, and After Service Health Insurance (ASHI) liabilities, are particularly vulnerable.

The second issue discussed was “The Uniformity of External Audit Reports in UN Organizations: Challenges and Best Practice.” Yudi Ramdan Budiman, De-

puty Person in Charge of the IMO External Audit Team, delivered the presentation. This is an interesting topic to discuss because audit reporting is critical in audit activities.

There are two types of audit reports at the United Nations: short-form reports and long-form reports (LFR). In practice, however, there is no standard for the form and content of the LFR. Thus, BPK seeks to raise this issue in order to develop the best practice for LFR preparation.

Uniformity in the form and content of the LFR is important to improve the quality of the LFR among external auditors in all UN organizations. Improving the quality of LFR will be beneficial for stakeholders. In this case, those charged with governance (TCWG), member countries, and other external auditors.

On this occasion, BPK was also represented by the head of the Bureau of Public Relations and International Cooperation Selvia Vivi Devianti, the head of the International Cooperation Division Kusuma Ayu Rusnasanti, the supervisor of IMO External Audit Team Nanik Rahayu, the supervisor of the IAEA External Audit Team Cipto Nugroho, the head of the IMO External Audit Team Endra Noviandy Sujadi, and the head of the IAEA External Audit Team, Uthar Mukthadir.

In addition to BPK representing Indonesia, external auditors from 13 other UN agencies participated, including Chile, China, the Philippines, Ghana, India, England, Italy, Germany, Canada, France, Russia, Switzerland, and Tanzania. ●



United Nations

BPK-ANAO LEADERS DIALOGUE ON COVID-19

Chairman of BPK, Agung Firman Sampurna, explained about the development of Covid-19 Pandemic in Indonesia. The dialogue also involved topic of BPK's approach to respond the pandemic from a strategic perspective.



The Chairman of the Audit Board of the Republic of Indonesia (BPK) exchanged stories with the Auditor General of the Australian National Audit Office (ANAO). The discussion include issue on Supreme Audit Institution's (SAI) response in facing the challenges during Covid-19 pandemic.

Titled Senior Management Dialogue, the event addressed several issues. Some of them are about the current situation (update) of Covid-19 cases in both Indonesia and Australia. Then the response of each country's government policy, the impact of the pandemic on the operation and performance of SAI, SAI approach in responding to the pandemic, as well as the BPK's initiatives in establishing SAI-20 to support the G-20.

On that occasion, Chairman of BPK, Agung Firman Sampurna explained about the development of Covid-19 in Indonesia. He also discussed on BPK's approach in respond to pandemic from a strategic perspective.

He explained that BPK promptly carried out audits on the Covid-19 pandemic handling and the National Economic Recovery (PEN). Audits were conducted in order to assess the effectiveness, transparency, accountability, and compliance of state financial management and accountability during pandemic emergency.

In a subsequent presentation, BPK's Vice Chairman, Agus Joko Pramono, explained

about the impact of Covid-19 in the operations and performance of BPK over the past year. Agus described how BPK quickly issued formal internal regulations, protocols and health guidelines for all employees, strengthened IT capacity, and improved audit methodologies.

Meanwhile, ANAO's Auditor General, Grant Hehir, presented about ANAO's response. Some of the responses at the beginning of the pandemic included the introduction to a one-month break in the performance audit program to allow entities adapting to the new way of working and manage their Covid-19 response.

Grant Hehir also said that the Covid-19 pandemic had a significant impact on the way ANAO works. From March 2020, when Australia conducts large -scale lockdown, most staff work remotely. ANAO also operated by reducing office attendance from then until early 2021 in accordance with the government's health protocol recommendations. In addition, ANAO also adapted its audit methodology to the use of information technology.

BPK also used the opportunity to present about initiative of SAI-20 establishment in support of the G-20. Grant Hehir welcomed and supported the BPK's initiative related to SAI-20 establishment. It is said that this is in line with efforts to support transparency and accountability in the states's financial management.

The Senior Management Dialogue is the first high-level dialogue between BPK and ANAO conducted virtually in 2021. This dialogue was created in response to the challenges of the pandemic situation to continue running communication and discussion between both BPK and ANAO leaders.

The event was moderated by BPK's Secretary General, Bahtiar Arif, and ANAO Senior Advisor, Kristian Gage. Attending at the event were Director General of Planning, Evaluation and Development, B Dwita Pradana, Director of Public Relations and International Cooperation, Director of Human Resources, Director of IT, and R Yudi Ramdan Budiman. ●

Definition

BPK'S VIEWPOINTS

- ✓ BPK's Viewpoints is the assessment, conclusions, and recommendations of BPK on policies and/or regulations in the field of state financial management and responsibility, based on the results of audits and/or studies conducted by BPK in accordance with applicable laws and regulations.
- ✓ Article 11 letter a of Law Number 15 of 2006 on Audit Board of the Republic of Indonesia (BPK) states, BPK may provide viewpoints to DPR, DPD, DPRD, central government/local government, other state institutions, Bank Indonesia, state-owned enterprises, public service agencies, local-owned enterprises, foundations, and other institutions or entities due to the nature of their work.
- ✓ The viewpoints given by BPK include improvements in the areas of revenue, expenditure, loans, privatization, liquidation, mergers, acquisitions, government capital participation, government guarantees, and other areas related to the state financial management and responsibilities.

Criteria for BPK's Viewpoints

- a. Related to the state financial management and responsibilities
- b. Macro, which concerns the state financial management and responsibilities that have a wide impact
- c. Strategic, which has a significant impact on state financial management and responsibilities or concerning the welfare of the society.
- d. Massive, means it is a common problem.
- e. Actual issue, means the problem is currently being an issue.
- f. Urgent, means it is important to be resolved immediately.
- g. Relevant, valid, complete, and can be further processed.

Source of Requests of BPK's Viewpoints

- a. Internal, which is the viewpoints that comes from the BPK's initiative.
 - b. External, i.e. viewpoints derived from requests from parties outside BPK.
- ✓ Viewpoints sourced from internal BPK are divided into two categories:
 - a. BPK's Viewpoints that are based on the results of evaluation and analysis of audit results (IHPS and/or audit reports) by the Directorate of EPP that meets the criteria for its issuance.
 - b. BPK's Viewpoints that are based on the proposed viewpoints materials (UBP).



Workshop on BPK Viewpoints

The Audit Board of the Republic of Indonesia (BPK) held two workshops as a follow-up to the two BPK viewpoints submitted to President Joko Widodo (Jokowi) on January 18, 2021. Two viewpoints presented at the same time as BPK's anniversary were related to the Special Autonomy Fund Management. (Otsus) Papua and West Papua Provinces and the National Health Insurance (JKN).



■ Achsanul Qosasi



■ Sri Mulyani Indrawati

BPK ENCOURAGES THE GOVERNMENT TO IMPROVE IMPLEMENTATION OF THE JKN

BPK expresses its viewpoint because the problems in JKN implementation that were discovered during the audit in 2015-2019 have not been resolved to date.

The Audit Board of the Republic of Indonesia (BPK) encourages the government to improve the implementation of the National Health Insurance (JKN) program. At the beginning of this year, the BPK submitted BPK's Viewpoints regarding the implementation of the JKN program to the government. BPK expressed its views because the problems in JKN administration that were discovered during the audit in 2015-2019 have not been resolved to date.

Chairman of BPK, Agung Firman Sampurna, said the results of BPK audit indicated that there were problems in the implementation of the JKN program which shown that the 2012-2019 JKN

road map had not been fully achieved.

"These various problems have an impact on the financial governance of the Social Security Fund (DJS) which is managed by BPJS Health and the quality of health service assurance handled during the 2015-2019 period," said Agung at the opening of the BPK Viewpoints Workshop on Management of the Implementation of the National Health Insurance Program (JKN) which was held online on Tuesday (6/4).

Agung said, based on the results of the audit, BPK identified various systemic governance problems, including those that recur from year to year. Therefore, BPK considers it is necessary to provide viewpoints regarding the implementation of the JKN program.



The BPK's viewpoints is expected will encourage the government to solve these problems in an appropriate, structured, and not too long manner.

Agung also emphasized that this problem could not be solved by one ministry/agency or local government. According to him, this problem needs to be resolved synergistically through cross-ministerial and cross-agency cooperation and coordination, as well as involving local governments with the support of relevant stakeholders.

"The BPK's viewpoints is expected will encourage the government to solve these problems in an appropriate, structured, and not too long manner," said Agung.

The virtual workshop activity was also attended by Board Member III of BPK, Achsanul Qosasi, and Minister of Finance, Sri Mulyani Indrawati, as key speakers.

In his remarks, Achsanul conveyed the importance of cooperation efforts to improve the management of JKN so that the state's goals to improve its people's welfare can be achieved. According to Achsanul, the development of JKN must be carried out through cooperation because, on a fiscal basis, the State Budget has not been able to finance all public health claims.

He said that the Ministry of Health, as the ministry responsible in the health sector, must be able to improve and protect public health. Meanwhile, BPJS Kesehatan also needs to provide the best health insurance services that cover the entire population of Indonesia. BPJS Kesehatan also has a duty to maintain the continuity of JKN. Other ministries / agencies (K / L) and local governments also have their respective duties and functions in the success of the JKN program.

Achsanul said, BPK also played a role in the success of the implementation of JKN through its



■ Agung Firman Sampurna

vision of playing an active role in realizing quality and useful state financial governance to achieve the country's goals. Improvements in governance are carried out through audits, follow-up monitoring of recommendations that have been given, and BPK viewpoints.

"Through these viewpoints and recommendations, it is hoped that JKN will be sustainable and be able to realize one of the country's goals in providing health services for all Indonesian people."

Minister of Finance, Sri Mulyani Indrawati, expressed her appreciation to BPK for conveying its viewpoints regarding the management of the JKN program. According to her, this viewpoint is a positive input from BPK as a key state institution.

"At the same time, it provides various recommendations for improvement regarding the implementation of the JKN program which is also one of the foundations for us as a country and achieving our goals as a country," said Sri. According to Sri, BPK's viewpoint is an important input that needs to be followed-up by all relevant stakeholders.

"Hopefully, BPK's efforts along with all stakeholders in improving the quality of the implementation of the JKN program that can serve the people's rights and on the other hand can continue or be sustainable in terms of finance and service, we can continue to promote," said Sri. ●

BPK CHAIRMAN REMINDS THE FOLLOW-UP ON PAPUA'S SPECIAL AUTONOMY FUNDS

Since the Special Autonomy status, the welfare of the people in Papua and West Papua Provinces has increased, although still below other provinces.

Chairman of the Audit Board of the Republic of Indonesia (BPK) Agung Firman Sampurna expects further actions from Government in response to BPK Viewpoint on the Management of Special Autonomy Funds (Otsus) in Papua and West Papua Provinces. Agung stated that the Government response is needed to encourage improved governance related to BPK Viewpoint.

"BPK Viewpoint has important value because BPK not only plays an oversight role, but also seeks to provide more value and benefits to stakeholders through the roles of insight and foresight," he remarked at the Workshop of BPK Viewpoint on the Management of Special Autonomy Funds in Papua and West Papua Provinces held virtually on Tuesday (30/3).

BPK has conveyed its Viewpoint on Papua's Management of Special Autonomy Funds to President Joko Widodo on 18 January 2021. BPK Chairman said that in accordance with BPK Strategic Plan 2020-2024, through the role of insight, BPK can provide viewpoints on programs, policies and well-performed activities, as well as

give inputs on using best practices as references. This function is carried out by understanding and further exploring public policies and issues.

As for the foresight role, BPK provides analysis on future/long-term impacts of government's current decisions or policies. It is achieved by identifying key challenges of the nation before they arise and become national issues or escalate into crises. BPK is taking this role to help society and decision makers in choosing policy alternatives in the future.

In addition, BPK can provide advise to institutions in improving cross-sectoral relations within the government and in increasing synergy between the government and other stakeholders to achieve maximum results and benefits for the community, nation, and state.

"One of BPK's roles in realizing good quality of state finance governance is through providing viewpoint. In this spirit, BPK provides viewpoint on the Special Autonomy Funds program in Papua and West Papua Provinces," said BPK Chairman in a meeting attended by BPK Leadership, Ministers and Regional Heads of Papua and West Papua Provinces.



■ Agung Firman Sampurna

BPK considers it necessary to provide this viewpoint, because from its audits, BPK continues to find fundamental issues occurring repeatedly each year. BPK Chairman stated that these strategic issues cannot be resolved by an individual ministry/agency/regional government. They require synergy through cooperation and coordination across ministries/agencies, involving local governments with the support of stakeholders.

Special Autonomy for Papua and West Papua is intended to achieve justice, supremacy of law, respect for human rights, acceleration of economic development, and improved welfare and advancement of people in Papua in the context of equality and balance compared to progresses made in other provinces in Indonesia.

BPK Board Member V Bahrullah Akbar stated that based on the mandate of Law No. 21 of 2001, Papua's Special Autonomy will end in 2021. Meanwhile, BPK audit results in 2008-2019 revealed fundamental issues in the management of Papua's Special Autonomy funds in aspects of regulation, organization, and human resources.

BPK concluded that since given the Special Autonomy status, the welfare of the people in Papua and West Papua Provinces has increased, although still below other provinces. In addition, the level of fiscal independence in the two provinces is under category "not yet independent".

The provision of Special Autonomy Funds in case through regional transfers has not been sufficiently managed and has resulted in irregularities which affected the effectiveness of achieving the objectives of Papua's Special Autonomy. Moreover, the Special Autonomy Law does not stipulate the preparation of a grand design for the development of Papua in the context of Special Autonomy for 2001-2021 period.

From a total of 1,500 audit recommendations given by BPK, 527 (35 percent) have not been followed up. This shows that there are many unresolved cases jeopardizing the achievement of goals in Papua's Special Autonomy. "Therefore, BPK considers it necessary to provide a viewpoint to the government to be used as a consideration in making improvements to the sustainability of Papua Special Autonomy Program," said Bahrullah.

Meanwhile, Minister of Public Works and Housing Basuki Hadimoeljono stated that the Papua and West Papua Special Autonomy Funds have so far been able to encourage infrastructure development which aims to solve some fundamental challenges in Papua and West Papua. Firstly, it has



Therefore, BPK considers it necessary to provide a viewpoint to the government to be used as a consideration in making improvements to the sustainability of Papua Special Autonomy Program.



■ Bahrullah Akbar

reduced a very high rate of poverty in Papua by 26.55 percent and West Papua by 21.51 percent. "Both are the highest reduction of poverty in Indonesia though the provision of infrastructure and facilities for urban and rural areas," he explained in the workshop.

Secondly, it has decreased the high cost index in construction by improving intercity and inter-village connectivity. "Especially in BPK findings regarding the sustainability of the Special Autonomy Funds, it is regulated in the form of infrastructure development and connectivity, which still does not connect all regions, resulting in high logistics costs and high expenses in Wamena and such," he elaborated.

With regard to the implementation of Special Autonomy, Ministry of Public Works and Housing has always been committed to implement equitable development for the improvement of the welfare of Papuans by opening up territorial isolation and increasing access and connectivity from land and sea, with the construction of the 3,924 km Trans-Papua road. ●



FACING DISRUPTION ERA WITH BPK CORPORATE UNIVERSITY (BPK CORPU)

Learning habits are in line with what is learned in training and what the institution needs.

The Audit Board of the Republic of Indonesia (BPK) tries to create a strategic initiative for human resource development. This is implemented by improving the capability of the BPK Training Institute on State Finance Audit (Badiklat PKN) with the implementation corporate university principals.

The goal is to accelerate the achievement of the 2020-2024 vision, namely "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".

BPK Chairman Agung Firman Sampurna explains that BPK's current need for employee formation is far from ideal. On the one hand, there is an improvement in competence to fulfil organizational needs, while on the other hand, the mechanism appears to limit the organization's capacity to perform other activities.

As a result, he said, a new breakthrough is needed. In this way, attempts to improve competence in



order to meet organizational needs should not detract from the organization's capability to fulfill its role. Furthermore, BPK, as an entity, must update awareness as a means of surviving in an age of change brought on by the advancement of information technology.

This concept then encourages the formation of a learning organization movement, which is an organization that can develop its ability to constantly adapt and respond to organizational needs. In this case, it is related to human resource development efforts, specifically competency in audits and audit communications.



BPK Corpu provides a solution that aligns all guided learning and instruction with the organization's goals.



■ Wakil Ketua BPK Agus Joko Pramono

Learning habits are in line with what is learned in training and what the institution needs. The training program is also focused on providing a real improvement in organizational performance. Then the participation of learning participants is developed by applying learning methods through a more flexible and accessible pattern of assignments and mentoring.

“Human resource development is primarily aimed at increasing the competence of BPK employees, particularly related to competence in auditing and audit communication,” said BPK Chairman at the BPK Corporate University (BPK Corpu) Launching event at Badiklat PKN in Jakarta on Thursday (8/4).

Badiklat PKN, as BPK supporting working unit, also proposes the development of Badiklat PKN to become BPK Corporate University (BPK Corpu). According to BPK Chairman, this is the representation of BPK’s Strategic Plan (Renstra) implementation.

Furthermore, BPK Chairman says, there are several factors that encouraged Badiklat PKN to transform into BPK Corpu. First, to make human resource development is more in line with the organization’s strategic planning. “BPK Corpu provides a solution that aligns all guided learning and instruction with the organization’s goals,” he said.

Second, he says, BPK Corpu provides a more applicable, relevant, easily accessible, and high impact HR development business process. Third, BPK Corpu establishes a learning organization, or one that continues to learn and build information necessary for organizational development.

The development of BPK Corpu is also inseparable from the implementation of cooperation with BPK’s strategic partners, namely the government internal supervision apparatus (APIP), public accounting firms (KAP), training centers of

ministerial/ institutional/ regional government, Supreme Audit Institutions (SAI) of other countries, professional institutions, and colleges. In the future, BPK Corpu’s products will be used not only by BPK internal parties, but also by BPK external parties. In relation to this, BPK plans to make BPK Corpu to be a world-class corporate university that is globally superior in the Global Council of Corporate Universities (Global CCU) forum.

Aside from the inauguration of BPK Corpu, a talkshow titled “Accelerating Organizational Performance Improvement by Implementing the Principles of Corporate University” was held on the same day. The speakers in the talkshow were BPK Vice Chairman Agus Joko Pramono, Chairman of Global CCU Annick Renaud-Coulon, Deputy for Competency Development Policy of State Administration Institute (LAN) Muhammad Taufiq, Head of Financial Education and Training Center (BPPK) Andin Hadiyanto, and Senior General Manager Telkom Corpu-Jemy Vestius Convido, and moderated by Helmy Yahya.

This talkshow is intended to disseminate information about a corporate university. BPK Corpu is expected to serve as knowledge center for achieving state goals through quality and useful state financial governance. Furthermore, it can be used by BPK to improve the quality of state financial audits and expand the principle of Accountability for All. ●



UNQUALIFIED OPINION (WTP) DOES NOT MEAN PROBLEM-FREE



■ Board Member V BPK, Bahrullah Akbar

Article 20 of Law Number 15/2004 on the Audit of State Financial Management and Responsibility, mandates that officials must follow-up the recommendations of the audit report.

The Unqualified Opinion (WTP) given by the Audit Board of the Republic of Indonesia (BPK) on the financial statements of an entity does not mean that there are no problems in the financial management of the entity. However, the problems found do not materially affect the fairness of the presentation of financial statements.

To illustrate, despite the Unqualified Opinion given by BPK on the Financial Report of the Provincial Government of West Sumatra Province in 2020, BPK found a number of problems that must be followed-up immediately by West Sumatra Province.

The hand over of Financial Audit Reports of West Sumatra Provincial Government in 2020 was done by Board Member V BPK, Bahrullah Akbar, during the Plenary Session of the Provincial Legislative Council (DPRD) of West Sumatra

Province, Friday (7/5). "Without diminishing the success that has been achieved by the West Sumatra Provincial Government, BPK still finds some problems related to Provincial financial management. However, the impact of the problem is not material in affecting the fairness of the presentation of financial statements," said Bahrullah when handing over the Financial Audit Reports to the Chair of the West Sumatra Provincial Legislative Council, Supardi, and West Sumatra Governor, Mahyeldi Ansharullah. Board Member V BPK revealed some significant issues that must be followed up immediately, namely, the payment of New Student's Admission activities in the Network to the Education Department amounting to Rp516.79 million that is not in accordance with the regulation. Then, the procurement of goods for Covid-19 Handling in the Provincial Disaster Management Agency (BPBD) of West Sumatra amounting to Rp12.47 billion,

which was not in accordance with the regulations.

Other problems, the mechanism for determining the Sales of Provincial Property (BMD) through the Governor's Decree to the General Affairs Bureau is not in accordance with the regulations. These problems were conveyed in the Internal Control System Report and Compliance with Legislation Report as part of the Financial Audit Report. In addition, Board Member V BPK said that in order to enhance BPK's role in the management and responsibility of the state financial, BPK continues to ensure that the audit report submitted can provide maximum benefits to stakeholders.

"Based on that, this year's financial statements audit are different from the previous year, BPK simultaneously conducted a performance audit of the Infrastructure Development program, and buildings' infrastructure development, which is one of the priority regional development programs in 2020," he explained.

Bahrullah explained, this performance audit aims to assess the effectiveness of building infrastructure development in order to support the availability of facilities and infrastructure for the apparatus and the community in the Government of West Sumatra Province.

On this occasion, Board Member V also presented the Summary of Regional Audit Reports (IHPD) Year 2020 to provide encouragement for the Governor as a representative of the central government in the region to improve its coaching function to the district/city government.

For DPRD, this IHPD can be used to carry out the function of supervision of the management and responsibility of provincial government finances, so that it will have an impact on the financial management and responsibilities of the provinces that are more orderly, transparent and accountable. IHPD submitted contains information on the results of audits on provincial and district/city governments that have been conducted by the BPK's Regional Office of West Sumatra Province in 2020. Board Member V of BPK highlighted, Article 20 of Law Number 15 of 2004 on Audit of State Financial Management and Responsibility, mandates that officials shall follow-up on the recommendations of the audit report. Officials are required to provide answers or explana-



■ The hand over of Financial Audit Reports of West Sumatra Provincial Government in 2020.



■ West Sumatra Governor, Mahyeldi Ansharullah

tions to BPK on the follow-up to the recommendations of the audit report. The answer or explanation shall be submitted to BPK no later than 60 (sixty) days after the audit report is received.

"We need to convey, that before we submit this report, we have requested a response from the West Sumatra Provincial Government on the concept of BPK's recommendation, including a recommendation action plan to follow up the BPK recommendation, so that financial governance becomes more accountable," he concluded.

The report handover ceremony was also attended by the Vice Chair and Member of the West Sumatra Provincial Legislative Council, Director General of Audit V, Akhsanul Khaq, Head of BPK West Sumatra Regional Office, Yusnadewi, West Sumatra Leaders' Coordination Forum, and leaders of vertical agencies within the West Sumatra Provincial Government . ●

BPK CONTINUES TO STRENGTHEN ITS FORESIGHT

BPK needs to provide foresight or views of future challenges and opportunities to the government and legislature.

As part of the initiative in preparing foresight, the Audit Board of the Republic of Indonesia (BPK) held the second of three series of webinars on Tuesday (15/6). The first webinar was held on April 27, 2021 presenting 19 speakers from elements such as practitioners, academics, professions, business actors, and observers in various sectors to understand the impact and projections in their respective fields during and post-Covid-19 pandemic.

The second webinar with the theme “Government Policies, Opportunities, Challenges and Leadership during and post-Covid-19 pandemic” invited ministers and heads of ins-

titutions who are policy makers and have the authority in the sectors of economic, fiscal, monetary, financial services, health, education and technology, national development planning, State-Owned Enterprises, and social.

“This webinar is really necessary to get an overview and understanding of how government’s response and strategy will be in dealing with the future and post-Covid-19 pandemic with a high level of uncertainty,” stated BPK Chairman Agung Firman Sampurna in his speech.

As the keynote speaker was the Coordinating Minister for Economic Affairs Airlangga Hartanto. While the panel discussion was inviting prominent speakers such as Minister of Finance Sri Mulyani Indrawati, Governor



■ Agung Firman Sampurna

of Bank Indonesia Perry Warjiyo, Chairman of the Financial Services Authority Wimboh Santoso, Minister of Health Budi Gunadi Sadikin, Minister of Social Affairs Tri Rismaharini, Minister of National Development Planning Suharso Monoarfa, and Minister of SOEs Erick Thohir.

BPK as a Supreme Audit Institution (SAI) has long been involved in oversight work or being a watchdog, and insight work to improve the effectiveness of government policies. To complement the two, announced Agung, BPK need to provide foresights which give views to the government and legislature regarding challenges and opportunities of the country in the future, as well as various long-term policy issues and identify challenges or risks before they arise into a crisis. Foresight function has been carried out by many SAIs in their respective countries, including the United States, the Netherlands, Canada, South Korea, Poland, Australia, and Brazil.

For that reason, BPK is currently preparing a foresight entitled “Indonesia Remade by Covid-19: Scenarios, Opportunities, and Challenges for Resilient Government”. This is to increase the added value and benefits of BPK’s role from oversight and insight towards foresight. Agung said, with this foresight, BPK became the second SAI in Asia after South Korea or first in Southeast Asia to have foresight capabilities.

For the past six weeks, Agung continued, BPK has determined focal questions and driving forces in preparing foresight using scenario planning. Of the 1,350 driving forces identified, through discussions and presentations

by experts, BPK has selected 139 driving forces and 26 critical uncertainties. This was then formulated into five fundamental uncertainties with the main question “How is Indonesia 5 years after Covid-19?”

Currently, BPK’s Foresight process is entering the stage of determining two of the five fundamental uncertainties to be formulated into a scenario framework and scenarios stories. Discussions with central and local government policy makers are conducted as part of a process in disseminating and confirming information.

“I hope this webinar serves its purpose in broadening our horizons in supporting the achievement of the vision and mission of the 2020-2024 BPK Strategic Plan and building a culture of accountability for all,” Agung affirmed.

Minister of Finance Sri Mulyani appreciated BPK’s determination to carry out the role of foresight. According to Sri, it is a very advanced step for a SAI or auditing institution.

During this second webinar, Sri stated that BPK’s foresight role is very important during this Covid-19 pandemic. “We are grateful to BPK because in this extraordinary and very uncertain situation, foresight is very important, apart from oversight and insight,” Minister of Finance told. She added that government and BPK as a SAI really need to synergize to see the future together.

“So that eventually we have convergence, agree on opportunities, challenges, and risks. Moreover, agree on how decision-making process must be carried out in this uncertainty the whole world is facing,” she hoped. ●



I hope this webinar serves its purpose in broadening our horizons in supporting the achievement of the vision and mission of the 2020-2024 BPK Strategic Plan and building a culture of accountability for all.



LOCAL GOVERNMENT LEADS THE HANDLING OF THE COVID-19 PANDEMIC

Indonesia does not yet have a strong enough health ecosystem to provide public health services.

The Audit Board of the Republic of Indonesia (BPK) emphasized that local governments are at the forefront of dealing with the Covid-19 pandemic. As a result, regions must strengthen their capacity in a various areas, beginning with the health ecosystem, increasing 3T (testing, tracing, and treatment), and strengthening fiscal capacity.

According to BPK Vice Chairman Agus Joko Pramono, BPK audited the National Health Insurance (JKN) program and regional public service agencies (BLUD) of hospitals to local governments from 2015 to 2019, and conveyed BPK's opinion on the JKN program in early 2021. BPK has highlighted some significant findings, including the fact that Indonesia does not yet have a strong enough health ecosystem to provide public health services.

"This is one of the reasons for our inability to deal with extraordinary pandemic conditions

like the current Covid-19 case." This risk is likely to occur in the future if we are not aware of these issues," said Agus on Thursday (17 /6), during the Webinar Series III "Local Government Policies, Opportunities, Challenges, and Leadership in the Era and Post-Covid-19 Pandemic" in Jakarta.

He also stated that BPK has audited central government institutions, regional governments,



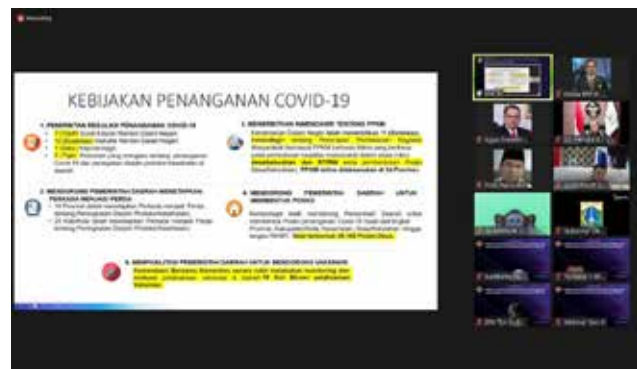
State-owned Enterprises (SOEs), and other agencies in order to assess the government's efforts in Handling the Covid-19 Pandemic and National Economic Recovery (PC-PEN) in the second semester of 2020. BPK identified several significant issues in local government entities that must be addressed immediately in order for them to be more effective in their implementation.

The first issue is the implementation of regional income and expenditure rationalization without considering target adjustments and in violation of the provisions. Second, regional economic impact strategies and policies are insufficient. Third, the distribution of social assistance and working capital stimulus has been delayed, the amount and target have not been met, and recipients have not taken advantage of it. While the fourth issue is that there are still flaws in the public's testing, tracing, treatment, and socialization education about Covid-19.

Agus added that strong leadership on all fronts is one of the keys to successfully overcoming the crisis caused by the Covid-19 pandemic. This is necessary because the impact that is currently taking place has a broad scope. The pandemic has resulted in health, economic, financial, and social crises, such as an increase in Covid-19 patients, decreased income, decreased investment, increased unemployment and poverty, decreased purchasing power, eroding production/sales, and public disobedience to government policies.

He emphasized that in such a situation, strong leadership will be able to determine the right direction, optimize potential, and equalize the rhythm and movement of steps through synergy and collaboration of various stakeholders working toward the same goal.

"BPK and the government share the same spirit, which is to prioritize public safety and health without compromising the achievement of a good standard of social and economic life. "Handling health, economic, and social issues can coexist with transparency and accountability principles," he said.



Decentralization challenges

BPK Board Member V Bahrullah Akbar added, the government issued a series of regulations in 2020 in response to the WHO's declaration of Covid-19 as a global pandemic on March 11, 2020. The government, in this case the Ministry of Home Affairs, issued the Ministry of Home Affairs Regulation number 20 of 2020, which directs local governments to prioritize the use of Regional Budget (APBD) in order to mitigate the effects of Covid-19.

This regulation was strengthened by the issuance of Presidential Instruction No. 4 of 2020, which addressed refocusing policies, activities, budget reallocations, and procurement procedures during the pandemic. The government then issued Perpu No. 1 of 2020, which addressed State Financial Policy and Financial Stability for Handling the Pandemic.

The regulation encourages the delegation of authority to local governments to deal with the pandemic. However, there are three key areas of decentralization challenges during the pandemic with the issuance of a regulatory package to deal with the Covid-19 pandemic. The first challenge, according to Bahrullah, is the decline in regional revenue caused by a decrease in regional original income, taxes,



and levies. This impact is particularly felt in local governments that are involved in the service sector and tourism as a result of the community's reduced economic activity as a result of the restrictions imposed.

Budget cuts are also occurring as a result of decreased government transfers to the regions. This has an impact, among other things, on the goal of decentralization, namely community-based public services, where public services in several sectors are hampered by new restrictions imposed by the central government. This limitation is included in the key area of the Covid pandemic's impact on decentralization, namely centralized handling.

The third point is that local governments have limited capacity. According to Bahrullah, the Covid-19 pandemic was a real challenge that tested people in the region's resilience, or ability to bounce back after adversity. It is the responsibility of regional leaders to inspire the community and their government rank to survive and thrive in the face of adversity.

"As regional leaders, governors, regents, and mayors should be able to maximize available resources. Scarcity is a problem that governments all over the world must deal with, whether it is a lack of budgetary resources, authority, or information. "It is critical for a leader to understand the actual situation on the

ground so that the right decision can be made in accordance with his authority," he said.

Strengthening the Regional Capacity

Meanwhile, BPK Board Member VI Harry Azhar Azis stated that the Covid-19 pandemic necessitated the strengthening of regional capacity. In terms of finances, local governments must increase their fiscal capacity in order to finance pandemic risks while continuing to run the government or even develop.

Meanwhile, in terms of dealing with humanity, local governments must fully improve core health capacity, beginning with health workers, health facilities (hospitals and treatment centers), medical devices, and pharmaceutical availability.

Furthermore, Harry continued, the regional government must redesign the implementation of the sustainability and sustainability of





As a result, BPK audit strategy of safeguarding the national development agenda through national thematic audits and paying attention to regional issues through national thematic audits must be carried out as effectively as possible.



education and social assistance for communities affected by the Covid-19 pandemic. Furthermore, on the territorial aspect, the regional government responded to the Covid-19 pandemic by drafting regulations and regional safeguards through large-scale social restrictions (PSBB).

Harry emphasized that the Covid-19 pandemic necessitates collaboration and synergy between BPK and the government in order to achieve the country's objectives. As a result, BPK must conduct audits in order to contribute to the welfare of the people.

"As a result, BPK audit strategy of safeguarding the national development agenda through national thematic audits and paying attention to regional issues through national thematic audits must be carried out as effectively as possible. BPK's success in implementing the audit strategy is useful for providing strategic recommendations for future policies," he added.

This is the third and final webinar in a

series of three. Previously, on April 27, 2021, the first webinar was held, with speakers from various sectors including practitioners, academics, professionals, business actors, and observers. Furthermore, a second webinar was held on June 15, 2021, with resource persons from the heads of ministries/agencies to understand the impacts and projections of their respective fields during and after the Covid-19 pandemic.

In this third webinar with local governments, BPK also invited the Minister of Home Affairs and four regional heads to get an overview as well as understand the importance of the leadership and strategy aspects of each region in responding to the Covid-19 pandemic, which will certainly be very useful in preparing BPK Foresight. This webinar was also attended by the Middle and High officials of BPK, as well as BPK officers. This webinar was also broadcasted to the general public via "BPK Official Youtube". ●

RELEVANCE OF DATA AND INFORMATION IS THE MAIN KEY IN THE SDGS IMPLEMENTATION

BPK considers the need for synergy and collaboration of big data and big data analytics to ensure an integration of the monitoring and evaluation system for the implementation of the SDGs.



The Audit Board of the Republic of Indonesia (BPK) recommended that the government has to ensure the disclosure sustainability of resources, the relevance of data and information, and the alignment of objectives with the BPK audit reports as an important key in the implementation of Sustainable Development Goals (SDGs). The government also needs to maintain the process of preparing the Voluntary National Review SDGs (VNR SDGs) in 2021. The recommendations are disclosed in the BPK Review Report of the VNR SDGs 2021 submitted by the Chairman of BPK, Agung Firman Sampurna, to the National Government of Indonesia, which represented by the Minister of National Development Planning/Head Bappenas Suharso Monoarfa, Wednesday (23/6). In its recommendations, BPK also considers the need for synergy and collaboration of big data and big data analytics to ensure an integration of the moni-

toring system and evaluation of future SDGs implementation.

“The results of the VNR 2021 review have continuity from the results of previous reviews and the results of BPK’s audits related to the government’s preparations in achieving and implementing the SDGs. Follow-up from the results of the audit, and review from BPK will continue to be monitored for the better achievement of SDGs and in accordance with the targets as well as better quality VNRs,” said the Chairman of BPK.

The Voluntary National Review of Sustainable Development Goals (VNR SDGs) theme for 2021 is “Sustainable and resilient recovery from the Covid-19 pandemic for the achievement of the 2030 Agenda”. BPK stated that this theme is highly relevant and contextual to the current situation of uncertainty. This situation is known as the era of VUCA (volatility, uncertainty, complexity, ambiguity) or the era of TUNA (turbulent, uncertain, novel, ambiguous).

This condition is also accompanied by the disruption of innovation that brought Indonesia into the adaptation of new habits or Great Reset with various opportunities, challenges, and expectations for the sustainability and achievement of Agenda 2030. “The theme of VNR SDGs 2021 has an accurate meaning and become a milestone if sustainable and recovery from Covid-19 was successfully managed and performed well together,” explained Chairman of BPK.

The hand over of this BPK Review Report is a review process of the VNR SDGs by a Supreme Audit Institution (SAI) of a country that is part of the SDGs implementation. This demonstrates the commitment of the Government of Indonesia to ensure accurate and evidence-based VNR reporting to improve the quality and credibility of VNR. ●

BPK PERSONNEL DEMANDED TO BE MORE ACTIVE, ADAPTIVE, AND RESPONSIVE



According to BPK Chairman, high adaptability with an active role in finding solutions to problems is a necessity an organization must own.

Chairman of the Audit Board of the Republic of Indonesia (BPK) Agung Firman Sampurna reminded all BPK personnel to be more active, adaptive and responsive during the COVID-19 pandemic. This attitude is necessary to face all challenges and dynamics that occur quickly. This was emphasized by BPK Chairman during the 2021 BPK Coordination Meeting for Implementing Units held in hybrid, both physically and virtually, on June 7, 2021. According to BPK Chairman, high adaptability with an active role in finding solutions to problems is a necessity an organi-

zation must own.

It aims to lift organization's role --in this case, BPK-- to be felt by all stakeholders. "Especially for BPK which is an audit institution whose presence is expected to provide added value and benefits, as well as remain relevant in accordance with the INTOSAI P-12 Principles," BPK Chairman remarked.

He reminded participants of the three things emphasized in INTOSAI P-12 Principle. First, BPK as a Supreme Audit Institution (SAI) must be able to strengthen the accountability, transparency, and integrity of the government and public institutions. Second, BPK must be able to become a model organi-

zation with good governance through leading by example. And third, BPK must be able to encourage continuous improvement for other stakeholders.

“I hope that all agenda and materials prepared for this coordination meeting can provide concrete results in manifesting the INTOSAI P-12 Principles,” he said.

BPK Chairman added that this meeting had a specific purpose to oversee the operationalization of the Implementation Plan of the 2020-2024 Strategic Plan, which is BPK’s five-year strategic planning cycle. Taking the theme “Active, Adaptive and Responsive BPK in Overseeing the Implementation of the Strategic Plan”, this coordination meeting also aimed to increase synergy and collaboration of BPK activities in the second semester of 2021.

According to BPK Chairman, the theme of this meeting was aligned with the spirit and expectations of the 2020-2024 BPK Strategic Plan to carry out organizational transformation in the era of VUCA (Volatility, Uncertainty, Complexity, and Ambiguity) and TUNA (Turbulent, Uncertain, Novel, and Ambiguous) to enter the adaptation to new normal, or also referred to as a great reset.

He was also very grateful that BPK was able to complete the audit of the 2020 Financial Report of Central Government despite the COVID-19 pandemic. This is considered part of BPK’s efforts to continue improving and responding quickly to all changes and challenges



I hope that all agenda and materials prepared for this coordination meeting can provide concrete results in manifesting the INTOSAI P-12 Principles.

that arise, especially in the context of implementing the 2020-2024 BPK Strategic Plan.

This coordination meeting of implementing units was attended by all high and middle ranked officials in BPK Head Office as well as Regional Offices. In addition to the BPK Chairman, the BPK Vice Chairman Agus Joko Pramono and all BPK Board Members were also present. ●



THE INSTITUTE OF STATE FINANCE AUDITORS (IPKN) IMPROVES THE AUDITOR PROFESSIONALISM

Auditors are expected to be able to improve transparency, accountability, integrity, and quality of state financial management.



Increasing the professionalism of state financial auditors is very important. For this reason, the Audit Board of the Republic of Indonesia (BPK) established the Institute of State Finance Auditors (IPKN).

This was stated by BPK Chairman Agung Firman Sampurna on Tuesday (22/6), at the IPKN I Congress in Jakarta. According to Agung, IPKN not only played a role in increasing the professionalism of state financial auditors, but it also provided continuing education to maintain and develop auditor competence.

On this occasion, the Chairman of BPK hoped that the auditors would be able to improve the transparency, accountability, integrity, and quality of state financial management. It is expected that this will have an impact on improving people's well-being

and achieving state objectives.

"State financial auditors must be able to become a trusted source in providing an independent and objective perspective on various issues in state finance management. They are also required to be able to guide the public sector in a better direction and to set a good example for stakeholders," said BPK's CEO.

The IPKN First Congress was held to ratify the amendments to the IPKN Articles of Association, the IPKN Bylaws, General Program, and the approval of the drafts of Professional Code of Ethics and Code of Conduct. With this ratification, BPK Chairman, who also serves as Chairman of the IPKN Advisory Board, hopes that IPKN will carry out its duties and functions effectively, professionally, and accountably.



He also hopes that the IPKN will begin carrying out its activities in accordance with the common goals established at the IPKN Congress.

"With the challenges that lie ahead, IPKN must truly be able to become a means for state financial auditors to continue to be able to develop their competencies in order to become a forum for the development of knowledge related to state financial audits," he said. This congress was attended by the IPKN Advisory Board, National Executive Board (DPN) and Regional Management Board (DPW).

Along with the congress, IPKN hosted a seminar titled "Integrated Auditing for the Public Sector." According to BPK Board Member V, Bahrullah Akbar, the purpose of this seminar was to increase understanding and knowledge about state financial audits.

Bahrullah Akbar who also serves as the General Chair of the IPKN National Executive Board (DPN) said that the theme was in

line with the BPK's policy responding to the VUCA era - Volatility, Uncertainty, Complexity, Ambiguity – or the TUNA era – Turbulent, Uncertain, Novel, Ambiguous.

He explained that integrated audit, also known as comprehensive audit or Long Form Audit Report (LFAR), is a type of audit approaches that combines financial and performance audits. "The merging of these two audits requires a shift in the mindset of public sector auditors because they must be able to perform financial audits and performance audits at the same time, each of which has a different philosophy, methodology, and audit approach," he explained.

The activities and seminars of the IPKN I Congress were held virtually and physically limited at the BPK Training Institute on State Financial Audit (Badiklat PKN). The keynote speaker for this seminar was BPK Vice Chairman Agus Joko Pramono (Vice Chair of the IPKN Advisory Board).

The resources persons of the seminar included KPMG Distinguished Professor of Accounting Information System, Rutgers Business School - Newark & New Brunswick, Prof. Miklos A. Vasarhelyi, Head of the Development Finance Comptroller (BPKP) Muhammad Yusuf Ateh and Chairman of the Institute of Indonesia Chartered Accountants (IAI) DPN/YPIA Advisory Board Member/DS-QGIA Steering Board Member Mardiasmo. Acting as the moderator was Director of Audit III.A Ahmad Adib Susilo. ●



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MEMASTIKAN SUBSIDI LISTRIK TEPAT JUMLAH DAN TEPAT SASARAN

Sebagian besar temuan pemeriksaan BPK berkaitan dengan ketidaktepatan penerbitan yang berkaitan pada ketidaktepatan menentukan nilai subsidi listrik.

P

emerintah setiap tahun mengesakan anggaran untuk subsidi listrik. Anggaran tersebut digunakan untuk subsidi listrik yang diberikan kepada pelanggan listrik rumah tangga golongan II (RTG II) dan golongan III (RTG III) yang menggunakan tenaga listrik untuk keperluan rumah tangga. Subsidi listrik tersebut diberikan kepada pelanggan listrik rumah tangga golongan II (RTG II) dan golongan III (RTG III) yang menggunakan tenaga listrik untuk keperluan rumah tangga.

subsidy listrik sebesar Rp2,9 triliun atau 2,15 persen dari total anggaran tahunan Rp134,4 triliun dalam lima tahun terakhir. Dalam lima tahun terakhir, subsidi listrik tersebut diberikan kepada pelanggan listrik rumah tangga golongan II (RTG II) dan golongan III (RTG III) yang menggunakan tenaga listrik untuk keperluan rumah tangga.

meninggi biaya pemeliharaan maupun bagi PLN. Biaya pemeliharaan tersebut digunakan untuk pemeliharaan peralatan tenaga listrik yang digunakan untuk transmisi tenaga listrik. Biaya pemeliharaan tersebut digunakan untuk pemeliharaan peralatan tenaga listrik yang digunakan untuk transmisi tenaga listrik.

AMPAIKAN PENDAPAT ANDA KEPADA PEMERINTAH

WARTA PEMERIKSA



1



2



1-2

The signing of Strategic Initiative (IS) was attended by BPK Board Members, March 18, 2021.

3-5

The entry meeting of Audit of 2020 Financial Statement of Central Government (LKPP) was attended by BPK Board Members, March 31, 2021.



3

6

National Championship Shooting of KASAU CUP 2021 was attended by BPK Board Member I, Hendra Susanto, March 28, 2021.

7

BPK Board Member IV, Isma Yatun, in the Online Talkshow 'Women Empowerment: A Challenge in New Millennium' for commemoration of Kartini Day, April 23, 2021.



4

8

The visit of BPK Board Member I, Hendra Susanto, to BNN Sukabumi Rehabilitation Center, April 8, 2021.

9-10

The submission of audit report to Supreme Courts of Republic of Indonesia by BPK Board Member III, Achsanul Qosasi, March 30 2021.



5

11

BPK Board Member V, Bahrullah Akbar, attended "Goes to Campus" held at University of Musamus, Merauke, April 8, 2021.

12-13

The submission of performance and special purposed-audit report for Ministry of Public Works and Public Housing by BPK Board Member IV, Isma Yatun, March 30, 2021.

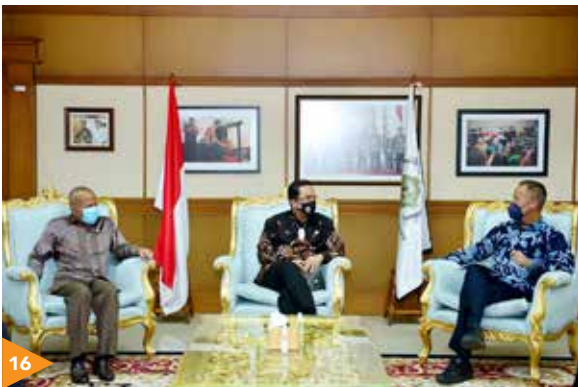




14-15
BPK Leadership attends virtual halalbihalal with all employees, May 18, 2021.



16
BPK Chairman Agung Firman Sampurna, accompanied by Board Member II Pius Lustrilanang, meet with the Minister of Industry Agus Gumiwang Kartasmita at the Chairman's Conference Room, April 8, 2021.



17
BPK Board Member I Hendra Susanto attends an audit discussion held by Audit Department I in Jakarta, April 26, 2021.

18
BPK Board Member II Pius Lustrilanang submits BPK's Financial Audit Report on the Ministry of Cooperatives and Small and Medium Enterprises to Minister Teten Masduki, April 22, 2021.





19

19
BPK Leadership attends Technical Coordination Meeting held by the Secretariat General Department, April 29, 2021.

20
BPK Board Member III Achsanul Qosasi submits BPK's Audit Report of the 2020 Covid-19 Handling at the Ministry of Social Affairs to Minister Tri Rismaharini, April 27, 2021.



21
BPK Board Member IV Isma Yatun submits BPK's Audit Report on the 2020 Financial Report of West Nusa Tenggara Province (NTB) to Chair of the Regional Legislative Council of NTB Baiq Isvie Rupaeda and Governor of West Nusa Tenggara Zulkieflimansyah during the Plenary Meeting of NTB Regional Legislative Council in Mataram, May 18, 2021.



22
BPK Board Member V Bahrullah Akbar submits BPK's Audit Report on Private Job Training Institutions (LPKS) of Lampung Province to Governor Arinal Djunaidi, April 27, 2021.

23
BPK Board Member VI Harry Azhar Azis submits BPK's Audit Report on the 2020 Financial Report of West Kalimantan Province to Chair of the Regional Legislative Council of West Kalimantan M. Kebing L and Governor Sutarmidji at the West Kalimantan Regional Legislative Council, May 21, 2021.





24

24. Hand over of the Financial Audit Report of Banten Province by Board Member VI of BPK, Harry Azhar Azis, May 24, 2021.



25



26



27



28

25-30
Exit Meeting on LKPP
Audit Year 2020 attended
by the Chairman of BPK,
the BPK Board Members
and Director Generals of
Audit, May 25, 2021.



29



30



31

31-32. Board Member III of BPK, Achsanul Qosasi, during a work visit to Cibinong Geospatial Information Agency, June 21, 2021.



32

33. Head of Regional Office BPK North Kalimantan Province position handover attended by Board Member VI of BPK, Harry Azhar Azis, June 23, 2021.



33



34

34. Handover of IHPS II Year 2020 and LKPP Audit Report Year 2020 to DPD, 24 June 2021.



35

35. Handover of BPK's Financial Audit Report of the Ministry of Law and Human Rights by Board Member I of BPK, Hendra Susanto, June 28, 2021.



36

36. Head of Regional Office BPK Central Kalimantan Province position handover attended by Board Member IV of BPK, Isma Yatun, June 29, 2021.



37

37. Handover of BPK Audit Report on Central Kalimantan Province Financial Statement by Board Member IV of BPK, Isma Yatun, 29 June 2021.

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