



G20 INDONESIA
2022



SAI20
INDONESIA
2022
SUPREME AUDIT INSTITUTION

English Version



SAI20, THE KEY PARTNER OF G20 TO STRENGTHEN ACCOUNTABILITY



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Unqualified Opinion is not the Ultimate Goal

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Urgency and Objectives of Establishing SAI20



The Editor of *Warta Pemeriksa* begins this edition with a report on the first female Chairperson of the Audit Board (BPK) in Indonesia's history. Isma Yatun officially became chairperson of BPK on Thursday, April 21st, 2022 and it happened to be in the commemoration day of Kartini (Indonesian woman's right hero).

This is not the first time Isma has made history at BPK and Indonesia. Previously, this woman who was born in Palembang, October 12th, 1965, was also the first woman to become the Board Member of BPK. Even today, she is the only woman who is included in the leadership of BPK.

"Take advantage of opportunities that exist. How can we overcome challenges and make them useful, because we have responsibilities and wish to improve our careers without neglecting our identity as women. Be yourself without disregarding your identity," Isma sends her message to all women in BPK.

Isma's journey at BPK has also been in line with the spirit of this institution related to women's careers. This institution provides equal opportunities for women and men. Opportunities are given to those who meet the required criteria, qualifications, and competencies.

In fact, if you look at the data, the percentage of female BPK employees reaches 39.57 percent of all BPK employees. Based on the development of data on the number of employees for three consecutive years, the proportion of female employees of all BPK employees continues to increase, namely in 2020 by 38.05 percent, then in 2021 by 38.25 percent, and in 2022 by 39.57 percent.

Check out other interesting reports on the submission of Summary of Semester Audit Reports (IHPS) II 2020. Through this report, BPK revealed 4,555 findings containing 6,011 problems worth Rp31.34 trillion. Another interesting report from this edition is related to the unqualified opinion (WTP) given by BPK on the Central Government Financial Report (LKPP) for Fiscal Year 2021. There are a number of notes given by BPK to be followed up by the government in order to improve the management of the State Budget (APBN).

Based on the Audit, BPK found 27 problems related to the Internal Control System (SPI) and non-compliance with statutory provisions. Although it does not have a material impact on the fairness of the 2021 LKPP presentation, this still needs to be followed up by the government in order to improve the management of the State Budget.

This edition also reports about the series of Supreme Audit Institution (SAI) 20 activities which include, the Technical Meeting in January 2022, and the Senior Officials Meeting (SOM) in June 2022.

The SOM has resulted a decision to support the SAI20 Rules of Procedure (RoP) and to prepare a draft communiqué. SAI20 RoP will be the basis for communication to all members.

Thus, in the future, coordination and cooperation will be easier and better, in order to achieve common goals. SAI20 also demonstrated its role in assessing the effectiveness of G20 programs and policies, particularly in two priority issues, namely economic recovery and supporting sustainable development.

There are many other issues and reports that the readers could find within this edition. Enjoy. ●

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

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ISMA YATUN

'KARTINI' AT THE PRESENT TIME

Before serving as the Chairperson of BPK, Isma Yatun has also made herself history by becoming the first female Board member of BPK.

Isma Yatun makes history by becoming the first woman to serve as the Chairperson of the Audit Board of the Republic of Indonesia (BPK). On Thursday, April 21, coinciding with the commemoration of Kartini Day (Indonesia's historical day to commemorate a national heroine named Kartini symbolizing women emancipation during colonialism), she takes the oath of office as the Chairperson of BPK at the Supreme Court Building in Jakarta.

Before serving as the Chairperson of BPK, Isma has also recorded a history, as she was the only woman serving as a Board Member of BPK. The journey of a woman born in Palembang on October 12, 1965 in BPK is fairly dynamic. With her educational background in engineering, Isma challenges herself in the financial sector to the world of politics.

Her spirit is in accordance with the message of RA Kartini several centuries ago. Isma Yatun also feels that her achievements are not other than just a simple action, but having a big impact like what Kartini did. From a room only lit with a lamp, Kartini struggled to advance Indonesian women, who at that time were still in a low social status.

Interviewed by *Warta Pemeriksa* some time ago, Isma Yatun assesses that women today should follow the spirit of Kartini. "Women do not need to carry a gun to fight against helplessness. However, through thoughts, beautiful words, without the need to be frenetic, they can penetrate all existing obstacles," She said.

Isma Yatun was first inaugurated as a Board member of BPK in 2017. Her inauguration was also carried out ahead of the commemoration of Kartini Day on April 20, 2017. At that time, she did not expect to be given the opportunity to become the first woman to become a Board Member of BPK. "This exceeded my expectations. Alhamdulillah, secondly, I was inaugurated before Kartini Day, which is on April 20, 2017. I did not even realize it. Is it really a coincidence or my destiny to be sworn

in just before Kartini Day? But, indeed, Kartini had prepared for women to be able to advance from that far. She has thought about how in the future women can have a role, that now women can have such chances," Isma said.

Before serving at BPK, Isma was involved in politics a lot. She was seating in legislative and had been joined in Commission VII, Commission IX and Budgeting Body of the House of Representatives (DPR). As a graduate of Chemical Engineering from the University of Indonesia, she had ever had a professional career in various companies. Isma says that a person's degree or knowledge does not have to be a boundary for a person. According to her, science is the basis that someone has the opportunity to advance. She gives an example that not all law graduates become lawyers or notaries.

Isma says that when graduated from her bachelor at Sriwijaya University majoring in Chemical Engineering, she worked in banking. "The first time I worked at the bank, I couldn't help but studying accounting. So when I graduated from college, the knowledge added to me was banking accounting," she said.

After several years working at a bank, she then decided to leave and join a company to become a kind of inventory auditor, before she finally sat as a Member of the Indonesian Parliament. "In the DPR, I once sat on the Budgeting Body and dealt with complicated government balance sheets. There I learned what the government's balance sheet looks like. Because I have curiosity and desire to continue to learn, add knowledge, many things are obtained. As soon as there was an election for BPK Board Members, I registered, with a thought that I would like to know how the state budget is going. That's why any scholar, if he is capable and ready to have responsibilities, in my opinion, it doesn't matter. It's just that you have to prove that you are able to hold on to the mandate given," she said.



■ Isma Yatun



Women do not need to carry a gun to fight against helplessness. However, through thoughts, beautiful words, without the need to be frenetic, they can penetrate all existing obstacles.

Messages for women

Isma Yatun sends a message to women in BPK. She reminds them to use every opportunity they have. That way, they can compete more with men. Starting from the level of team members, team leaders, and so on to the structural level.

“Take advantages of the existing opportunities. How we can resolve challenges and make them beneficial, as we have responsibilities and want to increase our careers without leaving our identity as women. Be yourself without leaving your identity.”

Isma Yatun says that the number of female employees in BPK is increasing. Therefore, she hopes that female auditors can show their good performance.

“In their role in BPK, especially in auditing, high accuracy is required. Female auditors are usually very thorough in carrying out their duties. It is the initial capital for female auditors to show their best performance,” She added.

However, she says that in carrying out their duties, women should not forget their role in the family. That way, the role of women in giving birth and building the nation’s generation can continue. She also emphasizes that auditors, who are pregnant, breastfeeding and have toddlers, should receive adequate attention, especially when they are conducting the audit. “The same applies to considerations on mutations. I hope they are not assigned too far. I don’t think it is a privilege, but rather an empathy,” Isma said. ●

WOMEN'S CAREER OPPORTUNITIES AT BPK ARE WIDELY OPEN

The proportion of female employees at BPK as of May 2022 is almost 40 percent.

The Audit Board of the Republic of Indonesia (BPK) provides equal opportunities for both women and men to participate in the development by becoming a State Civil Apparatus (ASN) at BPK. In line with the implementation of the merit system, the opportunity is given to those who meet the required criteria, qualifications, and competencies. Director of Human Resources Bureau, Dadang Ahmad Rifa'i, said, based on gender division, the percentage of female employees was 39.57 percent of all BPK employees. Based on the development of the data on the number of employees for three consecutive years, the proportion of female employees of all BPK employees continues to increase, namely in 2020 by 38.05 percent, then in 2021 by 38.25 percent and in 2022 by 39.57 percent.

"In general, female employees at BPK show good performance, equivalent to the performance of male employees," said Dadang to *Warta Pemeriksa*. This can be seen, for example, from the distribution of female employees who occupy various positions in the BPK, especially in functional positions. The role of female employees who are equal to male employees is the embodiment of the application of the merit system in HR management at the BPK according to Law (UU) Number 5 of 2014 concerning State Civil Apparatus (ASN). The Law on ASN mandates that ASN management must be based on a merit system, namely ASN policies and management based on fair and reasonable qualifications, competencies, and performance without distinction of political background, race, color, religion, origin, gender, status marriage, age, or disability. From the experience of employee recruitment in the last



■ Dadang Ahmad Rifa'i

few years, BPK is one of the government agencies with the most interest. This year, of the 1,306 people appointed as civil servant candidates (CPNS), 46.86 percent or 612 people among them are women. With this additional employee, the proportion of female employees in BPK as of May 2022 will be almost 40 percent. "This is an extraordinarily large amount of resources as part of BPK's human capital, which needs to be developed for its potential, competence, and performance so that it can make its best contribution to BPK," said Dadang.

In the 2021 Political Statistics from the Central Statistics Agency (BPS), the role and representation of women in policy-making positions in government still tends to be low. During the 2016-2020 period, the percentage of female civil servants continued to increase and the number began to exceed male civil servants.

However, this increase was not immediately followed by an increase in the percentage of women occupying positions as policy makers. In 2020, the percentage of women who occupy structural positions in echelon I (High Leadership Position/JPT Madya) is 16.58 percent and echelon II (JPT Pratama) is 13.76 percent. In BPK, the percentage of female employees who occupy structural positions (JPT, administrator positions, and supervisory positions) is 24.19 percent of the total number of employees. Currently, there are no female employees who occupy echelon I structural positions (JPT Madya) and only 12.94 percent of female employees occupy structural echelon II positions (JPT Pratama).

"Therefore, we need to continue to encourage female employees at BPK to occupy higher managerial positions (as policy makers), of course through competitive selection based on a merit system in accordance with qualifications, competencies and performance," he said.

Dadang admits that female employees

who work at BPK also face a number of challenges. This includes balancing work and life. This is a challenge for working women in general who have to balance their lives and roles as employees, wives, and mothers who have to divide their time between work and family.

"It is undeniable that the values that apply in the social order position women as parties who must be more responsible for household affairs," said Dadang.

Working women need to have a reliable support system to be able to complete the demands of their responsibilities. As female auditors at BPK, which is identical to assignments in the field, female employees are required to be able to carry out their responsibilities as wives and as mothers by staying focused and completing the responsibilities of carrying out audit tasks. Likewise, when faced with the consequences of transferring to the head office or regional office in order to reduce the potential for independence disturbances.

In addition to working as auditors, female employees at BPK occupy various positions, such as Other Functional Positions, Administrative Positions (Administrator, Supervisor, and Executor), or High Leadership Positions which also have the same opportunities as male employees to rotate their work units both in the head office and at the regional office.



We need to continue to encourage female employees at BPK to occupy higher managerial positions (as policy makers), of course through competitive selection based on a merit system in accordance with qualifications, competencies and performance.

Another obstacle faced by women who work at BPK, is the presence of some couples who want their wives to work without having to move from one city to another. In addition, domestic household problems, such as during religious holidays without household assistant, when children/parents are sick, having children with special needs, also other activities that are sometimes considered a priority so that some women work at BPK prefer to work at BPK do not really pursue their career in the office.

To answer these challenges and obstacles, BPK's HR Bureau has provided counseling services since 2010 through the Employee Care Center (ECC). ECC is a place for employees of BPK to get assistance as an effort to overcome complaints or problems experienced in completing their duties. Data from ECC counselees for the last three years shows that most of the counselees are female employees with an increasing percentage or proportion, namely in 2020 by 61.29 percent (38 of 62 employees), in 2021 by 65.71 percent (46 of 70 employees), and until May 2022 by 68.82% (64 of 93 employees).

The HR bureau also provides and organizes various educational and mentoring activities for employees, especially female employees with the themes of psychological and health education related to the functions and roles of women in the family as well as in work, for example, through time sharing activities, ECC talks in the form of psychological education pamphlets that published every month, facilitation of mediation activities in an effort to assist female employees in the process of applying for divorce permits (implemented by the Advisory Team for the Settlement of Marriage and Divorce Problems/TP4), pre-marital debriefing to harmonize understanding of responsibilities in marriage and the demands of duties at BPK, as well as providing facilities female-friendly facilities such as childcare, lactation rooms, and fitness facilities with female-only session timings.

In terms of competency development, the HR Bureau also encourages training and education for female employees, such as secondment program for women with children at ANAO. Selected female auditors are given the opportunity to participate in the financial audit. The purpose of this activity is to provide experience for female BPK auditors who already have children to gain knowledge and experience by directly participating in financial audits at ANAO and experiencing first-hand changes in working conditions and ANAO's response to the pandemic.

In terms of policy, the HR Bureau has implemented several policies that can be alternative solutions to the challenges of working women. This includes, the placement of spouses of fellow BPK employees in one placement (city) unless there is the need for otherwise or certain other considerations. Female employees have the opportunity to apply to move with their spouse (non-BPK employees) twice during their career.

Moreover, the selection of the target work unit when rotating female employees, especially married women, considers the proximity of the distance and the ease of transportation modes but still pays attention to the needs of the organization. In the case of temporary and urgent special needs, there is a temporary placement mechanism that can be proposed by employees. Female employees can apply for temporary placement after maternity leave to provide exclusive breastfeeding and temporary placement following a partner of another BPK employee who changes duties until a definitive placement decision is made.

Currently, BPK is also building a flexible working arrangement (FWA) system that can encourage employee empowerment, especially female employees at BPK. With FWA, employees can complete official duties outside the office, which is expected to increase productivity and quality of work, including the quality of life of employees. ●

IHPS II 2021 REVEALS 6,011 ISSUES WORTH RP31.34 TRILLION

BPK strives to continue to encourage the realization of effective, accountable and transparent state financial management in accordance with the provisions of the law.



Muchlis Jr - Biro Pers Sekretariat Presiden

■ the submission of IHPS II 2021 to President Joko Widodo.

The Audit Board of the Republic of Indonesia (BPK) revealed 4,555 findings containing 6,011 problems amounting to Rp31.34 trillion in the Summary of Semester Audit Reports (IHPS) II 2021. In the IHPS, BPK also presented the results of the audit of two national priority programs that need further attention from the government.

IHPS II 2021 has been submitted to President Joko Widodo on June 3rd, to the House of Representatives (DPR) on May 28th, and to the Regional Representatives Council (DPD) on June 3rd. IHPS II 2021 is a summary of 535 audit reports (LHP), consisting of 3

Financial Audit LHPs, 317 Performance Audit LHPs, and 215 LHPs on the Audit on Specific Purposes.

The problems disclosed consisted of 3,173 problems related to ineffectiveness, inefficiency, and ineffectiveness (3E) of Rp1.64 trillion; 1,720 problems constitute non-compliance with the provisions of laws and regulations worth Rp29.70 trillion; and 1,118 problems related to weaknesses in the internal control system (SPI).

In the case of 3E, as many as 95.9 percent or 3,043 problems were related to ineffectiveness worth Rp218.56 billion, 127 problems related to uneconomic worth Rp1.42 trillion, and 3 problems related to inefficiency worth Rp1.59 billion.

The problem of non-compliance in IHPS II 2021 consists of non-compliance that can result in losses, potential losses, and a lack of revenue as much as 75 percent or 1,286 problems worth Rp29.70 trillion. Then, non-compliance in the form of administrative irregularities as much as 25 percent or 434 problems.

"Due to this problem, during the audit process, the entity followed up by depositing money and/or handing over new assets of Rp194.53 billion," said the Chairperson of BPK in her speech during the submission of IHPS II 2021 to the DPR.

The Chairperson of BPK stated that BPK strives to continue to encourage the realization of effective, accountable, and transparent state financial management in accordance with the provisi of the legislation. "BPK and DPR have the same commitment, which is ensuring that every rupiah of state money must be managed as well as possible in a transparent manner and used responsibly so that in turn it can realize the country's goals," said the Chairperson of BPK.

The Chairperson of BPK on that occasion also invited members of the DPR to jointly oversee the management of state finances. "This is so that the management of state finances provides the maximum benefit to realize the welfare of the citizens," he said. The 2021 IHPS II thematic audit also contains the results of the thematic audit of two national priorities according to the



■ The submission of IHPS II 2021 to the DPD.

Government's 2021 Work Plan.

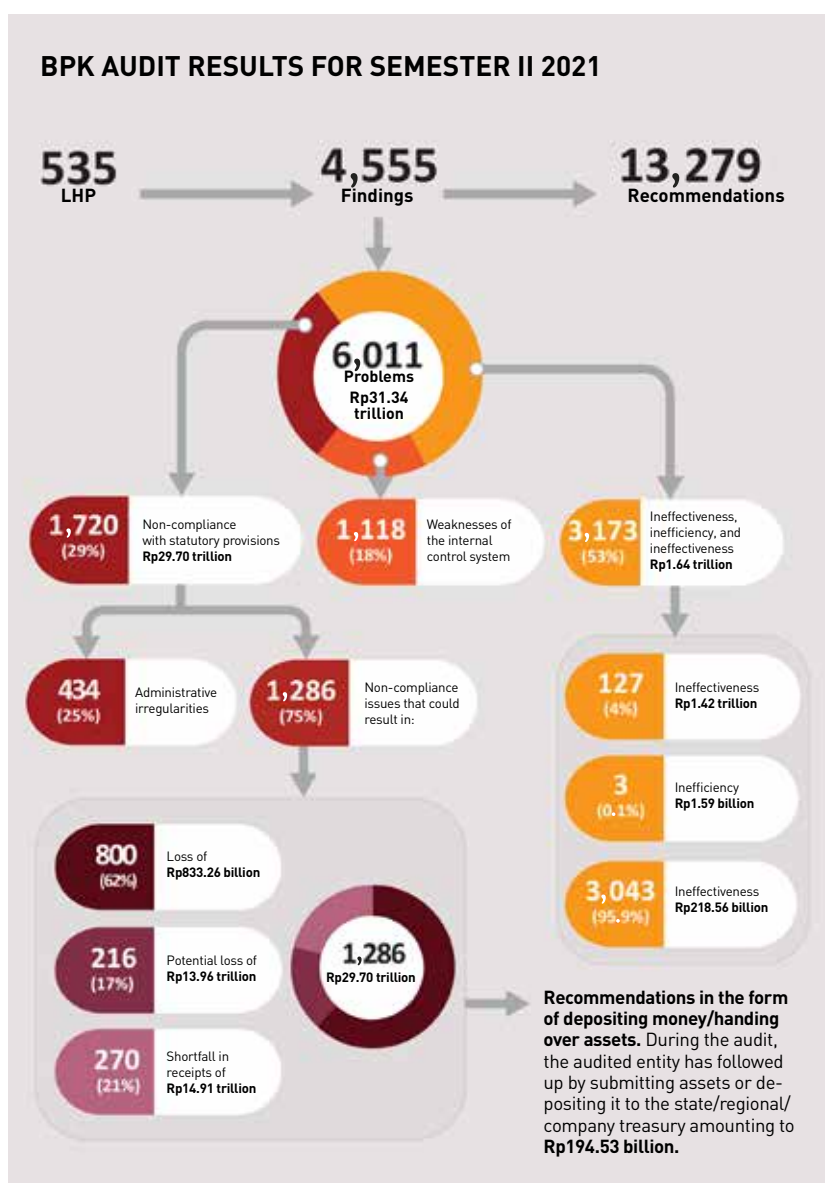
The two thematic audits are strengthening economic resilience and human resource development (HR). Chairperson of BPK, Isma Yatun, in her speech conveyed that the thematic audit consisted of 256 performance audits and 38 compliance audits with a Specific Purpose (DTT).

"The audit was carried out on 35 objects for audit by the central government, 256 objects for audit by local governments, and 3 objects for audit by BUMN. In this thematic audit, BPK revealed 2,427 findings with 2,805 issues amounting to Rp20.23 trillion," said the Chairperson of BPK.

The audit results on the national priorities for strengthening economic resilience reveal a number of problems. Some of these problems, among others, are the policies for the imple-



■ The submission of IHPS II 2021 to the DPR.



The audit was carried out on 35 objects for audit by the central government, 256 objects for audit by local governments, and 3 objects for audit by BUMN.

mentation of licensing services at the Ministry of Home Affairs (Kemendagri) which have not been fully formulated and stipulated in accordance with the Job Creation Law and its derivatives.

Regarding this problem, BPK recommended to the Minister of Home Affairs, to amend Minister of Home Affairs Regulation (Permendagri) Number 138 of 2017 to comply with PP Numbers 5 and 6 of 2021 by taking into account the provisions for creating implementing regulations for Law Number 11 of 2020, concerning Job Creation in accordance with the decision of the Constitutional Court Number 91/PUU-XVIII/2020.

Another problem is related to

the tax incentives for the Covid-19 Handling and National Economic Recovery (PC-PEN) program. The audit showed that the verification mechanism and application management information system have not been able to guarantee the eligibility of PC-PEN tax incentive recipients. In addition, the Directorate General of Taxes (DGT) does not yet have a centralized coordinating function in the management of tax incentives or facilities.

"In this regard, BPK recommends to the Minister of Finance to update the system for submitting Taxpayer incentives by adding eligibility requirements for receiving incentives or tax facilities according to the provisions and carrying out a coordinating function in the management of incentives or tax facilities for all types, both spending and non-tax expenditure categories. ."

Meanwhile, the results of the audit of national priorities for human resource development (HR) revealed a number of problems, including the assistance for the Pre-Employment Card program and the Covid-19 vaccine. The results of BPK audit showed that the pre-employment card program assistance to 119,494 participants amounted to Rp289.85 billion at the Coordinating Ministry for Economic Affairs and indicated that it was not on target. This is because the assistance was received by workers/labors who have salaries/wages above Rp3.5 million.

Meanwhile, regarding the Covid-19 vaccine program, the results of the audit revealed that the allocation of the Covid-19 vaccine, logistics, and infrastructure had not fully used the calculation basis which is represent the latest developments in conditions and or analysis of the situation, also supported with valid, accurate, and up-to-date data. In addition, there is a lack of coordination with the local government and other ministries/agencies involved. ●

NOTE FOR FINANCIAL REPORT OF CENTRAL GOVERNMENT (LKPP) 2021

Even though the 2021 LKPP received an Unqualified opinion, efforts to improve state financial management still need to be carried out.

The Audit Board of the Republic of Indonesia (BPK) gave an Unqualified Opinion (WTP) on the Central Government Financial Report (LKPP) for Fiscal Year 2021. However, there are a number of notes provided by BPK to be followed up by the government in order to improve the management of the State Budget (APBN).

Chairperson of BPK, Isma Yatun, when hand-over the Audit Report (LHP) on the 2021 LKPP to President Joko Widodo at the Bogor Presidential Palace, West Java, 23 June 2022, said that Unqualified opinion on the 2021 LKPP was based on the Unqualified opinion on 83 Financial Reports of Line Ministries (LKKL) and 1 Financial Statement of the State General Treasurer (LKBUN) 2021 which have a significant effect on LKPP in 2021.

A total of four LKKLs, namely the Ministry of Trade, Ministry of Manpower, National Research and Innovation Agency (BRIN), and Indonesian Institute of Sciences (LIPI) in 2021 obtained a Qualified (WDP) opinion. However, the exception to the LKKL does not have a material impact on the fairness of the 2021 LKPP. "We hope that the government can continue to make effective efforts so that later all ministries/agencies can obtain Unqualified opinions," said the Chairperson of BPK in her remarks.

Even though the 2021 LKPP received a unqualified opinion, efforts to improve state financial management still need to be carried out. Based on the results of the Audit, BPK found 27 problems related to the Internal Control System (SPI) and non-compliance with statutory

provisions. "Although it does not have a material impact on the fairness of the presentation of the 2021 LKPP, it still needs to be followed up by the government in order to improve the management of the State Budget," said the Chairperson of BPK.

Some of these findings, are that the management of incentives and tax facilities in 2021 amounting to Rp15.31 trillion is not fully adequate. Regarding this problem, BPK recommends the government to re-audit the validity of the approved submission of tax incentives and tax facilities that have been submitted by taxpayers. In addition, collecting tax underpayments and sanctions for providing inappropriate incentives and facilities.

Another finding, the BPK Audit revealed that there were bad tax receivables amounting to Rp20.84 trillion which had not been collected adequately. "Regarding this problem, BPK recommends the government, to take an inventory of bad tax receivables which its collection has not expired as of June 30, 2022 and take active collection actions in accordance with the regulation," said the Chairperson of BPK.

There are also findings related to the budgeting, implementation, and accountability of non-PCPEN Program expenditures at 80 line ministries at least Rp12.52 trillion which are not fully in accordance with the regulation. The Chairperson of BPK said that BPK recommended the government to improve the mechanism for budgeting, implementation, and accountability to mitigate the risk of non-compliance in the process, non-achievement of output, and inaccuracy of targets in the implementation of



The follow-up of the Audit is the basis for improving the government's performance in managing state finances that are more effective and inclusive in order to realize the nation's welfare.



- In order to optimize the quality of LKPP, BPK encourages the Government to make effective efforts to follow up the recommendations of the Audit report. This was conveyed by the Chairperson of BPK at the handover of audit report on LKPP to the President, at the Bogor Palace, Thursday (23/6).

expenditure budget. The Chairperson of BPK hopes that the government will make effective efforts to complete the recommendations of BPK Audit in order to optimize the quality of LKPP as accountability for the implementation of the state budget. Chairperson of BPK said that from 2005 to 2021, BPK had submitted audit reports with 19,802 findings of LKPP, LKKL, and LKBUN with 42,553 recommendations to the entities being audited.

The result of monitoring on the follow-up to the recommendations shows that as much as 75 percent have been followed up in accordance with the recommendations, 19 percent have been followed up but not in accordance with the recommendations, 5 percent have not been followed up, and 1 percent could not be followed up.

"The follow-up of the Audit is the basis for improving the government's performance in managing state finances that are more effective and inclusive in order to realize the nation's welfare. For this reason, we hope that Mr. President can continue to encourage all line ministries leaders to immediately follow up on BPK's recommendations," said the Chairperson of BPK.

The deficit was successfully suppressed

Before handing over the audit report of the 2021 LKPP to the President of the Republic of Indonesia, BPK hand over the same audit report to the Parliaments. When handing over the LKPP audit report to the Parliament, the Chairperson of BPK said that the budget deficit in 2021 was recorded at Rp775.06 trillion or 77 percent of the target set in the 2021 State Budget Law. "The realization of the Budget Deficit reached 4.57 percent of GDP or lower than the budget deficit target in the FY 2021 State Budget Law, which is 5.70 percent of GDP," said the Chairperson of BPK.

Chairperson of BPK said that the realization of the budget deficit in 2021 was also lower than the realization of the budget deficit in 2020. In 2020 or in the first year of the Covid-19 pandemic, the budget deficit was recorded at 6.14 percent of GDP. In nominal terms, the 2020 budget deficit will reach Rp947.7 trillion. The 2021 budget deficit of Rp775.06 trillion was obtained from the realization of revenues and grants of Rp2,011.34 trillion, while state expenditures in 2021 amounted to Rp2,786.41 trillion. Regarding

Findings of Internal Control System (SPI) Weaknesses and Non-compliance with Legislative Regulation in LKPP 2021

- Determination of Criteria of Program for Handling the Covid-19 Pandemic and National Economic Recovery (PC-PEN) in 2021 and Reporting on LKPP in 2021 (Audited) is Not Completely Adequate.
- Information and Reporting Systems on Targets and Accomplishments of Output Achievements of National Priority Programs and PCPEN Programs are Not Fully Adequate to Support Central Government Financial Reporting.
- Management of Incentives and Tax Facilities in 2021 amounting to Rp15.31 Trillion is not yet fully adequate.
- Control in the Implementation of PC-PEN Program Expenditures of Rp10.20 Trillion at Ten line ministries is Insufficient.
- Bad Tax Receivables amounting to Rp20.84 Trillion. Adequate collection action has not been carried out.
- Treatment of Housing Financing Liquidity Facility Funds (FLPP) as Other Long-Term Non-Permanent Investments at LKPP 2021 Not yet Supported by Regulatory Harmonization, Clarity of Fund Management Schemes, and Presentation in BP Tapera's Financial Statements.



UNQUALIFIED OPINION DEVELOPMENT

| Opinion | Year | | | | |
|------------------------|-----------|-----------|-----------|-----------|-----------|
| | 2017 | 2018 | 2019 | 2020 | 2021 |
| Unqualified (WTP) | 80 | 82 | 85 | 85 | 84 |
| Qualified (WDP) | 6 | 4 | 2 | 2 | 4 |
| Disclaimer (TMP) | 2 | 1 | 1 | - | - |
| Adverse (TW) | - | - | - | - | - |
| Sum of Entities | 88 | 87 | 88 | 87 | 88 |

Source: Financial Report of Central Government 2021

financing in 2021, the government reported the realization of financing worth Rp871.72 trillion or 87 percent of the stipulated financing budget. The realization consisted of the realization of domestic financing of Rp881.62 trillion and the realization of foreign financing of minus Rp.9.91 trillion.

Meanwhile, when submitting LHP LKPP to Regional Representative Council, the Chairperson of BPK specifically disclosed findings related to local governments. According to the chairperson of BPK, there are problems that need the government's attention. First, the management of reimbursement of line ministries expenditures for Covid-19 vaccination activities and the implementation of Community Activity Restrictions (PPKM) in the regions through deductions from the local government's General Allocation Fund (DAU) or Revenue Sharing (DBH) are inadequate.

"On this issue, BPK recommends the government, to coordinate with the relevant local governments to complete data validation on the realization of line ministries expenditures that will be charged to each local government, to further determine the Ministry of Finance Decree withholding DAU/DBH for the 2022 fiscal year based on that validation results," said the Chairperson of BPK.

The second problem is that the remaining regular School's Operational Support (BOS) funds in 2020 and 2021 of at least Rp1.25 trillion cannot be presented as Transfers to Regions (TKD) receivables. BPK recommends that the government harmonize regulations related to the status of the remaining regular BOS funds for the 2020 and 2021 fiscal years and carry out an inventory and reconciliation of the remaining regular BOS funds for the 2020 and 2021 years. ●

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).



UNQUALIFIED OPINION IS NOT THE ULTIMATE GOAL

The President emphasizes that the government will follow up on BPK's findings. All weaknesses must be corrected immediately, especially those related to the internal control system and non-compliance with laws and regulations.

Muchlis Jr - Biro Pers Sekretariat Presiden



■ President Joko Widodo at the Handing Over of the Audit Report of the LKPP Fiscal Year 2021 in the Bogor Palace.



We believe that the implementation of good governance will increase the effectiveness of risk mitigation as well as encourage the effectiveness of achieving program targets and objectives.

President Joko Widodo is grateful that the Central Government Financial Statements (LKPP) Fiscal Year 2021 receives unqualified opinion from the BPK. However, he emphasizes that the opinion is not the ultimate goal. When receiving the Audit Report in Bogor Presidential Palace, West Java, on June 23, he says that the government continues to strive to improve the performance of the state financial management to be more effective and inclusive. The government also continues to work on implementing programs by taking into account good governance and good financial management.

"We believe that the implementation of good governance will increase the effectiveness of risk mitigation as well as encourage the effectiveness of achieving program targets and objectives," he said while mentioning that the unqualified opinion for the 2021 LKPP is a good achievement in a very difficult year. The audit report will be the basis for the government to continue to make improvements. The government, the President says, will follow up on BPK's findings. All weaknesses must be corrected immediately, especially those related to the internal control system and non-compliance with laws and regulations. With these improvements, the state financial management will be better in the future.

"The unqualified opinion is not the end goal. The goal is how we can use people's money as well as possible. How we are able to manage and use it transparently and accountably, so that people could really feel the benefits. Ministers, Heads of institutions and Regional Heads should immediately follow up and complete all of BPK's recommendations," the President said.

On this occasion, the President expresses his gratitude for the cooperation with BPK, which has always provided inputs and support in managing the state finance.

"We are working together to realize accountable and transparent management of the state finance to be more effective and trusted."

At the beginning of his speech. The President conveys his appreciation to the BPK Chairperson Isma Yatun and all Members for the inputs and support that had been given so far, especially during the pandemic in these last two years. The President emphasizes that the challenges faced now and in the future are not getting easier.

"We are still in a situation that is full of uncertainty that requires all of us to remain vigilant," the President said.

In the mean time of the economy that has not fully recovered from the effects of the Covid-19 pandemic, the world has been shocked by the war in Ukraine disrupting global supply chains. The impact of the Russian-Ukrainian war is far-reaching and triggering an increase in inflation across the country. The President says that the threat of food and energy crises has occurred in all countries.

"This situation must be a common understanding for us to have the same sensitivity, the same feeling, respond, preparing the right response and policies at all levels, from central to regions. We must maximize our own strength, especially the power of domestic spending." ●



■ Chairperson of BPK Isma Yatun explained the notes for the LKPP Fiscal Year 2021.

Muchlis Jr - Biro Pers Sekretariat Presiden

THE GOVERNMENT MEETS MOST OF THE CRITERIA FOR THE PILLAR OF FISCAL TRANSPARENCY

The purpose of the review on the fiscal transparency implementation is to provide a general conclusion on the fulfillment of the elements of fiscal transparency of the Central Government by referring to good practices.

The Audit Board of the Republic of Indonesia (BPK) conducts a review on the implementation of the fiscal transparency elements in the central government which is part of the audit of the 2021 Financial Report of Central Government (LKPP).

The fiscal transparency review is an effort by BPK as a Supreme Audit Institution (SAI) that provides benefits in accordance with The International Organization of Supreme Audit Institutions Principle 12 (INTOSAI-P 12) on The Value and Benefits of Supreme Audit Institutions-making a difference to the lives of citizens, which states that SAI has a role to play in strengthening the accountability, transparency and integrity of the Government and public sector entities. The INTOSAI-P 12 is relevant to one of the Sustainable Development Goals (SDGs) set by the United Nations (UN) which is to develop effective, accountable, and transparent

institutions at every level.

The purpose of the review on the implementation of fiscal transparency is to provide a general conclusion on the fulfillment of the elements of fiscal transparency of the Central Government by referring to good practices in fiscal transparency as stated in The International Monetary Fund (IMF) Fiscal Transparency Code (FTC) 2019. In addition, BPK referring to the IMF Fiscal Transparency Handbook 2018 and the results of the fiscal transparency reviews of other countries conducted by the IMF and taking into account the best practices that apply internationally.

In accordance with the 2019 FTC, the review of the implementation of fiscal transparency in 2021 includes four main pillars, namely Fiscal Reporting, Fiscal Forecasting and Budgeting, Fiscal Risk Analysis and Management, and Resource Revenue Management, which includes 15 dimensions with 48 criteria.



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| Pillars | Level | | | |
|-------------------------------------|-----------|---------------|---------------|---------------|
| | Not Met | Basic | Good | Advanced |
| Fiscal Reporting | 0 | 0 | 5 | 7 |
| Fiscal Forecasting and Budgeting | 0 | 1 | 6 | 5 |
| Fiscal Risk Analysis and Management | 0 | 2 | 4 | 6 |
| Resource Revenue Management | 0 | 7 | 3 | 1 |
| Total | 0 | 10 | 18 | 19 |
| Percentage | 0% | 21,27% | 38,30% | 40,43% |

"The results of the review show that the Government has met most of the criteria for the pillars of fiscal transparency by achieving 19 criteria or 40.43 percent advanced level, 18 criteria or 38.30 percent good level, and 10 basic criteria or 21.27 percent. There is one criterion in the Resource Revenue Management Pillar that is not assessed, namely natural resource funds.

The fulfillment of these criteria is reviewed from the practices that have been carried out by the Central Government in 2021," said BPK in its Review Report on the Implementation of Fiscal Transparency in 2021.

In fulfilling the pillars of fiscal reporting, for example, the criteria for fiscal transparency are at the level of advanced as many as seven criteria, namely ownership coverage, current coverage, reporting frequency in the relevant year, timeliness of annual financial reports, internal consistency, history of revisions and additional budgets. There are five criteria for transparency at the good level, namely institutional coverage, tax expenditure coverage, information classification, statistical integrity, and comparable fiscal data.

Conditions that place the transparency level of the Government's fiscal reporting at an advanced level, include: the Government has compiled fiscal reports, in the form of Consolidated LKPP, LKPD, LKPK, LK BUM, and Government Financial Statistics Report (LSKP) which presents and discloses financial assets, non-financial assets, and liabilities.

The government has published monthly i-account realization reports regularly and publishes it on the www.djpbk.kemenkeu.go.id page.

Then, related to the fulfillment of the pillars of fiscal forecasting and budgeting, there are five criteria for fiscal transparency which are at the advanced level. The five criteria are budget unity, macroeconomic forecasts, medium-term budget framework, fiscal legislation, and timeliness of budget documents. There are six criteria for transparency, which are at the good level, namely investment projects, performance information, public participation, independent evaluation, additional budget and forecast reconciliation. The criteria for transparency that are at the basic level are one criterion, namely the purpose of fiscal policy.

"The conditions that place the government's fiscal transparency level at an advanced level are that the Government conducts budgeting by paying attention to and disclosing basic macroeconomic assumptions, constituent components, and underlying assumptions," BPK wrote in the 2021 Fiscal Transparency

Review Report.

BPK stated that budget documentation has include all revenues (domestic and foreign revenues), expenditures (including the social security budget), and gross financing. The budget document also contains realization for the last five years (2016-2020) and medium-term projections for the next three years. Medium Term Budget Framework (MTBF) 2022-2024 is presented according to Ministries category and budget programs. Legal provisions regarding order in the budgeting process have divided the powers and responsibilities of the executive and the legislature. The government has sent the Draft State Revenue and Expenditure Budget (RUU APBN) and Financial Note (NK) for the 2021

The calculation of the composition of state expenditures and revenues is not in precise conditions.

FY and ratified by the House of Representatives (DPR) within an adequate period of time.

Furthermore, in fulfilling the pillars of fiscal forecasting and budgeting, there are five criteria for fiscal transparency at the advanced level, namely budget unity, macroeconomic forecasts, medium-term budget framework, fiscal legislation, and timeliness of budget documents. Meanwhile, there are six criteria for transparency, which are at the good level, namely investment projects, performance information, public participation, independent evaluation, additional budget and forecast reconciliation. The criteria for transparency that are at the basic level are one criterion, namely the purpose of fiscal policy.

Regarding the criteria for fiscal policy objectives, the condition that places the Government's fiscal transparency at a basic level, namely the NK APBN contains fiscal policies that will be pursued during 2021. The policy consists of policies on revenue, expenditure, transfers to regions and village funds (TKDD), and financing. "However, the calculation of the composition of state expenditures and revenues is not in precise conditions."

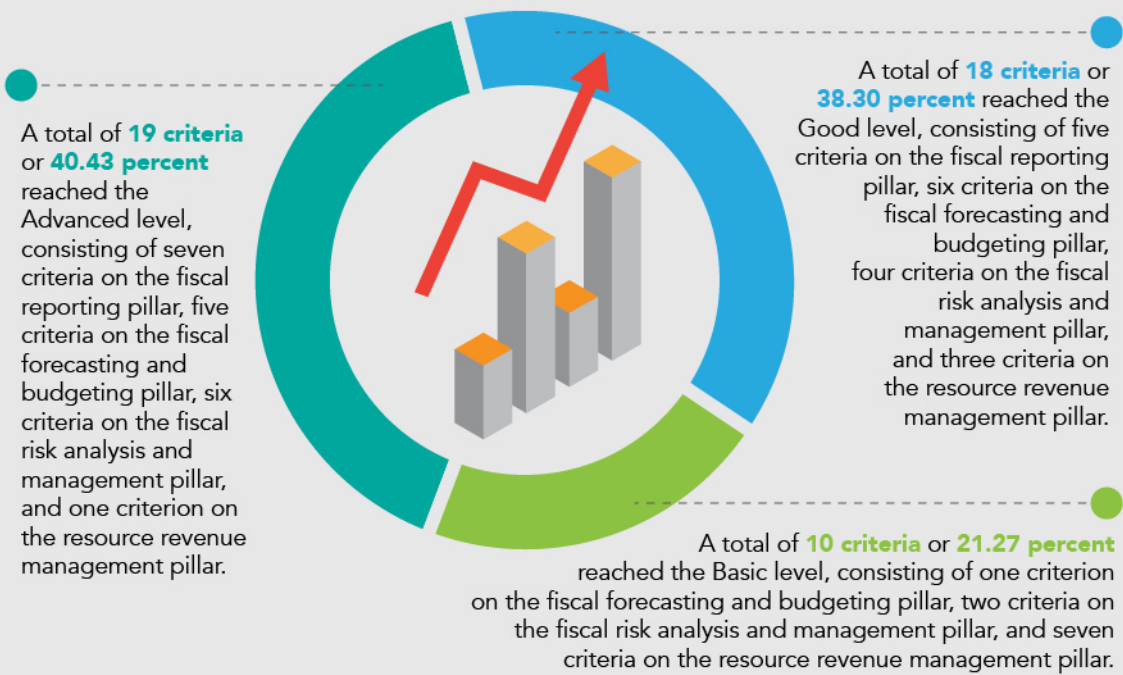
The other pillars, namely the fiscal risk analysis and management pillar, the government's

fiscal transparency criteria which are at an advanced level as many as six criteria, namely macroeconomic risk, contingency budget, guarantees, Government-Business Entity cooperation, financial sector exposure, and environmental risk. There are four criteria for transparency, which are at the good level, namely certain fiscal risks, asset and liability management, local governments, and public companies. There are two criteria for transparency at the basic level, namely the criteria for flow and ownership of natural resources and analysis of long-term fiscal sustainability.

Conditions that place the Government's fiscal transparency at an advanced level, namely the government conducts a sensitivity analysis on the possibility of an increase in the deficit in the 2021 NK APBN, prepares alternative macroeconomic scenarios and fiscal forecasts and uses probabilistic forecasts of fiscal outcomes in simulation working papers.

Overall in 2021, there is one criterion for increasing the level of transparency compared to 2020, namely the criteria for reporting by resource companies. Meanwhile, the achievement of other criteria did not experience significant changes so that it did not affect the assessment of fiscal transparency in 2021. ●

Achievement of Fulfillment of the Fiscal Transparency Pillar Criteria by the Central Government





Increase Body Immunity



Sunbathe daily for 10-15 minutes before 9am and/or after 3pm.

Avoid smoking and alcoholic drinks.



1

5



Exercise with light/moderate intensity.

Limit reading news about the pandemic.

2

6

Online counseling with a psychologist or mental health doctor if anxiety and stress are bothering you.



Meditate and get enough sleep.

3

7

Virtual interaction with family and friends.



Be active as usual in the self-isolation room.

4

8



Postpone Exercise If:

1. Shortness of breath with oxygen saturation $<95\%$ at rest.
2. Fever for the last 2 days.
3. Chest pain, headache.
4. Cough continuously.





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SELF-IMPROVEMENT TOWARDS ZERO STUNTING

The program to accelerate the prevention and reduction of stunting has not been fully integrated into the planning document of West Java Provincial Government.

In the first semester of 2021, the Audit Board of the Republic of Indonesia (BPK) has carried out performance audits on the acceleration of stunting prevention in local governments. The audit was carried out on two audit entities, namely the effectiveness of commitment and program convergence in accelerating the prevention and reduction of stunting and the effectiveness of government efforts in supporting the acceleration of stunting prevention.

Performance audits on the effectiveness of program commitments and convergence in accelerating stunting prevention and reduction in the 2019 and 2020 FYs were carried out at the West Java Provincial Government (Pemprov). The performance audit was carried out

with the consideration that in the Regional Medium-Term Development Plan (RPJMD) of West Java Province, nine regional development priorities had been set. One of them is the Decentralization of Health Services.

To make this happen, the West Java Provincial Government carries out the West Java Champion program which for Mother and Child and for Health. Through this Champion program, it is expected that the problem of malnutrition can be overcome so that West Java's Zero Stunting target can be achieved in 2023.

BPK noted that the West Java Provincial Government has made efforts to accelerate the prevention and reduction of stunting. This includes establishing policies in an effort to accelerate stunting

prevention and reduction and socializing national development priority policies and providing training related to efforts to accelerate stunting prevention and reduction to local governments.

BPK audit concluded that there were significant problems that could affect the effectiveness of program commitment and convergence in accelerating stunting prevention and reduction. These problems include the acceleration of stunting prevention and reduction programs that have not been fully integrated in the planning document of West Java Provincial Government.



RPJMD and the Regional Development Work Plan (RKPD) prepared by the West Java Provincial Government did not fully contain policies for the acceleration of stunting prevention and reduction in line with the National Medium-Term Development Plan (RPJMN) and the National Strategy for the Acceleration of Stunting Prevention.

BPK revealed that the RPJMD and the Regional Development Work Plan (RKPD) prepared by the West Java Provincial Government did not fully contain policies for the acceleration of stunting prevention and reduction in line with the National Medium-Term Development Plan (RPJMN) and the National Strategy for the Acceleration of Stunting Prevention. For example, the regional apparatus for implementing stunting prevention programs are not entirely listed in the RPJMD, the targets set out in the West Java Provincial RPJMD for 2018-2023 are still below the national targets set out in the 2020-2024 RPJMN, and the RPJMD has not included the acceleration of stunting prevention and reduction in a clear, detailed, and comprehensive manner. As a result, the implementation of specific and sensitive

nutrition interventions has not been fully carried out in a convergent manner.

Further, the West Java Provincial Government has also not prepared technical guidelines for strategies for involving non-governmental institutions, including the business world, development partners, civil society organizations, universities, academics, and professional organizations as well as the media in accelerating stunting prevention and reduction. This has resulted in unclear steps in encouraging non-governmental institutions to be involved in supporting the convergence of stunting prevention and reduction actions. Activities that have been and will be carried out by non-governmental institutions involved in the convergence action to accelerate the prevention and reduction of stunting have the potential of not right on target or not as needed.

BPK has recommended the Governor of West Java to instruct the Head of Regional Development Agency to make adjustments/changes to the 2018-2023 Medium Term Regional Development Planning (RPJMD) in detail related to stunting as a strategic priority project and include programs that support West Java towards zero stunting explicitly in the RPJMD in accordance with the 2020-2024 RPJMN and the National Strategy for Acceleration of Stunting Prevention for the Period of 2018-2024. BPK also recommends that the Head of Regional Development Agency to develop technical guidelines for strategies to involve non-governmental institutions in accelerating stunting prevention and reduction. The results of the performance audit of the effectiveness of program commitments and convergence in accelerating stunting prevention and reduction revealed 12 findings containing 13 problems of ineffectiveness.

Based on the findings, conclusions, and recommendations provided by BPK, West Java Provincial Government conveyed that they accepted the overall findings and conclusions provided by BPK. West Java Provincial Government will also follow up on the recommendations that have been given. ●

ACCELERATING STUNTING PREVENTION IN NTT

Livestock grants implemented by the Livestock Service of NTT Province for stunting priority areas was deemed unsuccessful.

BPK carried out a performance audit on the effectiveness of NTT Provincial Government's efforts in supporting the acceleration of stunting prevention in NTT Province for FY 2018 to 2020. The audit was conducted at the NTT Government and other relevant agencies. The audit was conducted based on the results of the 2018 Basic Health Research (Risksedas) by the Health Research and Development Agency of the Ministry of Health, which found that stunting in children under five in NTT was above the national average.

From this audit, BPK noted, NTT Provincial Government has made efforts to accelerate the handling of stunting, including inserting a commitment to prevent stunting into the 2018-2023 Regional Long-term Development Plan, drafting regulations to accelerate and prevent stunting, implementing behavioral change campaigns and communications, and implementing activities related to food and nutrition resilient.

The audit result concluded that should the issues were not resolved immediately, the effectiveness of NTT Provincial Government's efforts in supporting the acceleration of stunting prevention could be affected. The issues and recommendations have been submitted to the Governor of NTT, including how NTT Province has yet no policy that contains guidelines to implement cross-sectoral OPD coordination at the provincial level, along with duties and mechanism for cooperation or involvement of other (non-government) parties involved in supporting the acceleration of stunting prevention in NTT.

Consequently, activities to accelerate prevention and handling of stunting were hampered. BPK recommended

Governor of NTT to instruct the Regional Secretary to formulate a policy for implementing cross-sectoral OPD at the provincial level, and a mechanism for cooperation or involvement of other parties (non-government).

BPK also found that the Sustainable Food House Area (KRPL) activities carried out by the Department of Agriculture and Food Security of NTT did not continue, were not well targeted, and were not in priority stunting locations. This is indicated by how the group members plant seeds in their respective yards, and how harvests are only used for personal consumption and not for sale. This way, beneficiaries could not buy other plant seeds, and the program cycle stops.

Another issue found was that districts do not follow the directions of the Department of Agriculture and Food Security of NTT in determining the location



Another issue found was that districts do not follow the directions of the Department of Agriculture and Food Security of NTT in determining the location of KRPL with the excuse that the location they have specified is categorized as poor and stunting village. Moreover, 18 beneficiaries were not target priority.

of KRPL with the excuse that the location they have specified is categorized as poor and stunting village. Moreover, 18 beneficiaries were not target priority. Due to these issues, fulfillment of food and nutritional needs through KRPL activities were ineffective. BPK thus recommends that the Head of Department of Agriculture and Food Security carefully coordinates with the offices in charge of districts/cities in ensuring that beneficiaries are capable of cultivating crops.

The provision of livestock grants implemented by the Livestock Service of NTT Province for stunting priority areas was deemed unsuccessful. This is because out of the 22 breeders in Kupang City, only 1 breeder has succeeded in

developing their livestock. In addition, there are breeders who while receiving animal grants have never received any assistance from advisors. As a result, the livestock grant from NTT Provincial Livestock Service in supporting the handling and prevention of stunting are not effective. BPK recommends the Head of Livestock Service of NTT to evaluate, draft, and formulate a more appropriate program to accelerate the handling of stunting.

The result of performance audit on the effectiveness of the efforts of NTT Provincial Government in supporting the acceleration of stunting prevention revealed 6 findings containing nine ineffectiveness problems. ●



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BPK ENCOURAGES THE STRENGTHENING OF CYBER SECURITY

As a result, the protection of personal data has not been a priority for PSE, making it vulnerable to leaks, theft, and attacks.

The Audit Board of the Republic of Indonesia (BPK) highlighted the issue of cyber security and resilience to support national security stability. Performance audits on cyber security and resilience in the context of supporting national security stability are carried out at the Ministry of Communication and Information (Kemenkominfo) and other relevant agencies.

Quoted from the Summary of Semester Audit Reports (IHPS) II 2021, in carrying out its

role related to cyber security and resilience, the Ministry of Communication and Information has made efforts to improve governance and control over the public implementation of electronic systems (PSE), private PSE, internet content, preparation of data protection regulations (PDP), as well as efforts to implement the Information Security Management System (SMKI) within the Ministry of Communication and Information through the establishment of the Ministry's Computer Security Incident Response Team (CSIRT).



Standards/procedures/ protocols related to the implementation of electronic systems in the public and private spheres are not sufficient to prevent data leakage or theft.

Efforts that have been carried out by the Ministry of Communication and Informatics include discussing and compiling ministerial working papers related to the analysis of the institutional substance of the PDP draft law (RUU) proposed by the Government and comparisons with the European Union (EU) General Data Protection Regulation (GDPR), GDPR at the level EU countries (France), and the draft institutional proposal of the DPR.

The Ministry of Communication and Informatics has also stipulated Ministerial Regulation (PM) of Communication and Information Number 5 of 2020 concerning Private Scope Electronic System Operators. In addition, the Ministry of Communication and Information has also formed a Computer Security Incident Team in accordance with the Secretary General's Decree Number 53 of 2021 dated February 5, 2021 regarding the Formation of the Ministry of Communication and Information Technology's Computer Security Incident Team.

The results of the audit conclude that if problems in the aspects of rules and regulations (legal), standardization, procedures, and protocols (technical), institutional/organizational (organizational), capacity development (capacity development), and cooperation (cooperation) are not immediately resolved, then it can affect the effectiveness of cyber security and resilience governance in order to support national security stability.

BPK revealed that regulations related to personal data protection and derivative rules

related to the implementation of electronic systems and transactions (PSTE) and electronic-based government systems (SPBE) had not been formulated in an integrated and adequate manner. As a result, the protection of personal data has not been a priority for PSE, making it vulnerable to leaks, theft, and attacks. In addition, the technical and operational implementation of PP Number 71 of 2019 concerning the Implementation of Electronic Systems and Transactions and Presidential Regulation Number 95 of 2018 concerning Electronic-Based Government Systems are still hampered.

Standards/procedures/protocols related to the implementation of electronic systems in the public and private spheres are not sufficient to prevent data leakage or theft. As a result, the level of compliance of Ministries/Agencies (K/L), local governments, and other state administrative agencies that register their managed electronic systems with the Ministry of Communication and Information are very low. Public and private PSEs are also vulnerable to attacks, leaks, and data theft.

BPK has recommended the Minister of Communications and Informatics to take steps, including instructing the Director General of Aptika, as the Chair of the Government Working Committee, in the discussion of the PDP Draft Law with the House of Representatives (DPR RI), to take steps to accelerate and intensify the communication with DPR RI in order to finalize the PDP Draft Law and ratify it as the Law in accordance with the set performance targets.

BPK also asked the Minister of Communication and Information to compile all derivative rules related to cyber security and resilience which are under the authority of the Ministry of Communication and Information, especially regarding PP Number 71 of 2019 concerning PSTE and Presidential Regulation Number 95 of 2018 concerning SPBE comprehensively.

The audit of the performance of cyber security and resilience in the context of supporting national security stability revealed five findings containing six problems of ineffectiveness. ●

INCREASING BPOM'S ROLE IN COVID-19 VACCINATION

There are 297 batches or 78.36 million doses of Covid-19 vaccines circulating without going through the issuance of batch/lot release permits.

The Audit Board of the Republic of Indonesia (BPK) provides several suggestions for improvement to the Food and Drug Supervisory Agency (BPOM) to support the implementation of the Covid-19 vaccination. It is stated in the Performance Audit Report on the Support for the Implementation of the Covid-19 Vaccination Year 2021 at BPOM and other Related Agencies in DKI Jakarta, South Sumatra, and Central Java.

BPK reveals that BPOM has shown achievements in supporting the Covid-19 vaccination, including supporting vaccines availability through the issuance of the Emergency Use Authorization (EUA) for 11 types of Covid-19 vaccines, namely Sinovac Coronavac, Sinovac Biofarma, Astrazeneca, Sinopharm, Moderna, Pfizer, Janssen, Sputnik V, Convidecia, Zifivax and Covovax.

The BPOM has monitored safety, efficacy and quality of the Covid-19 vaccines receiving EUA, including the evaluation of each vaccine through the registration process, the issuance of seven Clinical Trial Implementation Approvals (PPUK), four certificates of Good Drug Production Methods (CPOB) to two pharmaceutical industries, as well as 12 assessments of CPOB compliance for pharmaceutical industries located abroad.

The BPOM has also accelerated the timeline for granting entry permits for imported Covid-19 vaccines either through Import Certificates (SKI) or Special Access Schemes (SAS). The timeline for issuing SKI permits, which was originally six hours, has been accelerated to two hours, while the SAS approvals, which was originally 10 working days, has been accelerated to two working days.

Even so, BPK concludes that the effectiveness of the activities was influenced by pro-

blems needed to be addressed immediately, including problems in the issuance of batch/lot release permits where there are 297 batches or 78.36 million doses circulating without going through the issuance of batch/lot release permit.

The BPOM also has not yet provided timely, complete and real time information on vaccine batches/lots. In addition, the support for the distribution of the Covid-19 vaccine through supervision of safety, efficacy and quality after being circulated has not been fully adequate and the supervision of the distribution of the Covid-19 vaccine at the Technical Implementing Unit (UPT) has not been supported by adequate temperature verification equipment. Moreover, the results of the supervision at health service facilities have not been used optimally to improve vaccine distribution.

The supervision of the Covid-19 vaccine in circulation has not gone through testing on all parameters of the circulating vaccine. The BPOM does not have a target for monitoring the quality and label of the Covid-19 vaccine in circulation and there has not any tool/checklist format for the monitoring.

BPK recommends the Head of BPOM to improve, among others, the support of the vaccines availability through monitoring of safety, efficacy and quality of the Covid-19 vaccine before being circulated, adjusting regulations on the issuance of batch/lot release permits in order to be in line with the Presidential Regulation Number 99 Year 2020. The BPOM needs to make an application for issuing batch/lot release permits that can produce information on vaccine batches/lot release permits in a timely, complete and real-time manner. The BPOM also needs to equip the related UPT with adequate Cold Chain Product (CCP) in the form of calibrated thermometers.



Freepik



The effectiveness of the activities was influenced by problems needed to be addressed immediately, including problems in the issuance of batch/lot release permits where there are 297 batches or 78.36 million doses circulating without going through the issuance of batch/lot release permit.

A guideline for utilizing the results of distribution supervision needs to be developed, while coordinating with the Ministry of Health and relevant Regional Heads through the UPT in an effort to improve vaccine distribution.

It is also recommended that the BPOM could coordinate with related parties such as Ministry of Health, Ministry of Foreign Affairs, vaccine manufacturers and EUA holders to obtain technology transfer of potential test and antigen content test parameters for Covid-19 vaccines other than Sinovac, so that the efficacy monitoring of circulating vaccines can be more optimal.

BPK also recommends the BPOM to evaluate the quality and label monitoring, draft a tools/checklist format, technical guidance, complete report format, determine reporting periods and regularly supervise the quality and label monitoring for circulating Covid-19 vaccines carried out by the UPT. Based on the results of the audit, BPK concludes that if those significant problems persisted, they could affect the effectiveness of the support for the Covid-19 vaccination. ●

BPK FINDS PRE-EMPLOYMENT CARD WASTE OF IDR 390,32 BILLION

MPPKP applies a procedure that does not allow any blacklisted NIK from K/L to pass and be designated as Pre-Employment Card Recipients in the current or subsequent wave.



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The Audit Board of the Republic of Indonesia (BPK) revealed a number of findings in the Special Purpose Audit on Compliance of the Social Protection Program (Perlinsos) at the Coordinating Ministry for Economic Affairs for Fiscal Year 2021. One of the findings was regarding the waste of the Pre-Employment Card program.

BPK audit found that there were 165,544 pre-employment card participants with an assistance value of IDR 390.32 billion who were blacklisted after the determination as participants of pre-employment card. "As a result, there was a waste of the pre-employment card program of IDR 390.32 billion," as stated in the Summary of Semester Audit Reports (IHPS) for Semester II of 2021.

Quoting from the Special Purpose Audit Report on the Management and Accountability of the 2021 Pre-Employment Card Program at the Coordinating Ministry for Economic Affairs and other related agencies, the Regulation of Coordinating Minister for Economic Affairs number 3 of 2020 in con-

junction with Regulation number 11 of 2020 regulate the requirements for work applicants/workers who are eligible for the Pre-Employment Card Program, including those not currently attending formal education.

The Regulation also controls parties who are not eligible for Pre-Employment Card Program, such as Government Officials, Speakers and Members of DPRD, State Civil Apparatus, Indonesian Army, Indonesian Police, Village Heads and Officials, as well as Directors, Commissioners, and Supervisory Board at SOEs or LOEs.

In addition to the above regulation, MPPKP also stipulates a Standard Operating Procedures (SOP) number SOP/Ops/01/II/2021 related to the Registration and Selection process for Pre-Employment Card Recipients, effective since 19 February 2021. The SOP defines blacklist as a list of ID numbers provided by relevant Ministries/Institutions to be automatically ineligible to receive Pre-Employment Card.

One process to obtain a list of Pre-Employment Card Recipients is a screening process from the blacklisted. The automatic process is conducted by system and screens applicants' IDs from validation data provided by relevant ministries/institutions.

Based on the analysis of the pre-employment card program database, it is found that from participants in batch 12 to 22 with a total of 6,019,842 participants, there were 165,544 participants with a total value of Rp390,32 billion who were included in the blacklist. Further investigation revealed that the determination of pre-employment card participants was conducted earlier than the release date of blacklisted IDs.

In addition to issue of financial waste, BPK's findings also revealed that there is an indication that the pre-employment card



42 participants' personal information is doubtful because they hold invalid ID.

assistance program to 119,494 participants with a value of Rp289.85 billion is wrongly targeted, because the assistance was received by workers/labors with salary/wage above Rp3.50 million per month. In addition, 42 participants' personal information is doubtful because they hold invalid ID. As a result, as many as 119,494 participants of the assistance program worth Rp289.85 billion were indicated to

be wrongly targeted and potentially misused.

In response, BPK provided a number of recommendations to the Coordinating Minister for Economic Affairs. First, for the Minister to instruct the Executive Director of Pre-Employment Card Program Implementing Management (MPPKP) to account for payments made to blacklisted recipients with a total worth of Rp390,32 billion.

The next recommendation is to clarify regulation pertaining the salary/wage limit for applicants to be considered into the pre-employment card program, and to instruct Executive Director of MPPKP to conduct due process toward 42 participants for their invalid ID cards in accordance to applicable regulations. ●

The Response of MPPKP

The Executive Director of MPPKP provided a number of responses in regard to BPK's findings on blacklisted participants still receiving pre-employment card benefits.

- a. MPPKP is subject to and complies with the Pre-Employment Card regulations which regulates blacklisted participants as stipulated in Article 3 par 5 of the Presidential Regulation No 76 of 2020 promulgated on 8 July 2020 concerning the Amendments to Presidential Regulation No 36 of 2020 regarding Development of Work Competencies through Pre-Employment Card, and the implementing regulation for this arrangements as contained in the Regulation of the Coordinating Minister for Economic Affairs No 11 of 2020 promulgated on 4 August 2020;
- b. MPPKP applies procedures that disqualify blacklisted IDs from Pre-Employment Card recipients list in the current process and in the future.
- c. MPPKP always seek updated data list of people prohibited to receive the cards from relevant ministries/agencies to be used when determining recipients. However, the correctness, completeness, timeliness and the updated list of IDs are the responsibility of each ministries/agencies and are beyond the control of MPPKP;
- d. In addition, MPPKP has also offered system integration through API (Application Programming Interface) with ministries/agencies. However, ministries/agencies have not further developed the API so data has always been provided manually periodically. This is beyond MPPKP's authority.
- e. From the post-determination monitoring activity conducted, MPPKP found that several participants designated as recipients of Pre-Employment Card turn out to also receive assistance from another program (overlapping assistance). On the other hand, the recipient list has already been determined before the determination of the blacklisted applicants in the pre-employment card program. This means that the determination to become a beneficiary of another program is carried out after the pre-employment determination. This is beyond MPPKP's control. For these overlapping beneficiaries, MPPKP has frozen their pre-employment accounts. ●

BPK AUDIT RESULT ON PRE-EMPLOYMENT CARD PROGRAM

1 There were **68,733** participants of the Pre-Employment Card Program with assistance value worth **Rp181,596,667,684** registered as recipients of wage subsidy assistance for educators and teaching staff at the Ministry of Education and Culture FY 2020.

2 There were **165,544** participants with assistance value worth **Rp390,325,900,000** included in the blacklisted applicant after their determination as recipients of Pre-Employment Card.

3 The review process for updating training price has not been regulated in details.

4 The implementing management of Pre-Employment Card Program has not considered work competency standards. Also, there are **191** training institutions that has no accreditation and **29** training institutions selling service not based on Business Identification Number.

5 There was an indication that the Pre-Employment Card Program assistance to **119,494** participants worth **Rp289,856,023,629** was not right on target and the data of **42** participants was doubtful.

6 The implementing management did not verify the correctness of the Pre-Employment Card participant data, with photos of participants' ID cards uploaded and the email addresses of **284** participants indicated to be similar and the e-wallet of **65** participants having doubts about their identity.

7 The implementing management has not adequately controlled the unused vouchers and the vouchers have not been redeemed by the 2020 and 2021 pre-employment card recipients.

8 There were **1,956,535** participants with invalid addresses, and **489,221** of them entered addresses without a valid residence document.



Source: Audit Report on the Management and Accountability of the 2021 Pre-Employment Card Program at the Coordinating Ministry for Economic Affairs and other related agencies.

BPK PROVIDES RECOMMENDATIONS FOR IMPROVEMENT OF NATIONAL LEADERSHIP TRAINING

Guidelines for the implementation of Level II PKN with the distance learning method determined by LAN are not complete and based on needs.



The Audit Board of the Republic of Indonesia (BPK) has carried out a performance audit on the effectiveness of the Level II National Leadership Training (PKN) using the Distance Learning method in improving the competence of the state civil apparatus

(ASN) in 2020 and 2021 at the State Administration Agency (LAN) and other relevant agencies in DKI Jakarta, Aceh, West Java, and Central Java.

In that audit report, BPK revealed, in the context of implementing PKN Level II using the distance learning method, LAN has made various efforts to increase the effectiveness of these activities.

Some of LAN's efforts are to develop standards and guidelines for the implementation and implementation of Level II PKN through Circulars. Then, LAN also socializes and implements the implementation guidelines and curriculum for PKN Level II with the distance learning method.

LAN conducts the selection of prospective PKN Level II participants in 2020 and 2021 based on the required stages and the results of the selection of prospective PKN Level II participants have been submitted accordingly. In addition, LAN ensures that training personnel have met the required competencies and use learning facilities by utilizing information technology and wireless fidelity (wi-fi) networks with fast access.

LAN also conducts coordination meetings to evaluate the implementation of the current year's Level II PKN and discuss plans for the preparation of the next year's Level II PKN.

In addition to the improvement efforts that have been carried out by LAN, there are still problems in the implementation of Level II PKN with the distance learning method that require improvement. These include, among others, the guidelines for implementing PKN Level II with the distance learning method determined by LAN that are not complete and as needed. BPK also found that quality assurance had not been fully implemented according to regulations and LAN had not fully ensured that all training personnel used innovative learning methods and media.

"Monitoring and evaluation of the implementation and post-PKN Level II have not been fully in accordance with the provisions and needs. The results of monitoring and evaluation of the implementation of Level II PKN have not been fully used for corrective actions," said BPK.

BPK considers that these problems can hinder the effectiveness of the implementation of PKN Level II with the distance learning method in improving the competence of ASN. In order to further improve the effectiveness of the implementation of PKN Level II with the distance learning method and efforts to overcome the problems that occur, BPK recommends to the Head of LAN to prepare and establish guidelines for the implementation of Level II PKN using the distance learning method that is legally enforceable, binding, and comprehensive as needed.

Head of LAN also needs to instruct the Deputy for Competency Development Implementation to instruct the Head of Pusbangkom PIMNAS and MASN to supervise quality assurance activities for institutions that have not been accredited and prepare quality assurance reports according to the provisions. BPK also recommends the Head of LAN to instruct the Deputy for Policy for ASN Competency Development to prepare a SOP for monitoring and evaluation related to the overall implementation of PKN Level II supervision and control.

The Deputy for State Civil Apparatus (ASN) Competency Development Policy also needs to instruct the Head of P3K Bangkom ASN to compile official guidance/guidelines that regulate standards for innovative learning methods and media. In addition, SOPs for follow-up on the results of monitoring and evaluation from the Level II PKN National Coordination Meeting are needed which include identification of problems, follow-up implementation plans and parties who will follow up.

Based on the findings, conclusions, and recommendations provided by BPK, LAN convey that they accepted the findings and conclusions by BPK, and will follow up the recommendations given. ●



Monitoring and evaluation of the implementation and post-PKN Level II have not been fully in accordance with the provisions and needs. The results of monitoring and evaluation of the implementation of Level II PKN have not been fully used for corrective actions.



SOCIAL ASSISTANCE DATA MUST BE REFINED

Perlinsos distributed to PKH beneficiaries, basic food/ BPNT and BST were not on the DTKS.

The Audit Board of the Republic of Indonesia (BPK) recommends the Ministry of Social Affairs to refine and validate beneficiaries' data of the Keluarga Harapan Program (PKH) to make the distribution of PKH or social assistance more effective. Based on the results of the compliance audit of the

Social Protection Program (Perlinsos) Fiscal Year 2021, BPK finds several matters needed to be improved.

As stated in the Summary of Audit Results of the second semester of 2021 (IHPS II 2021), BPK finds incompliances in determining and distributing PKH social assistance, basic food/ Non-Cash Food Assistance (BPNT) and Cash

Social Assistance (BST) of Rp6.93 trillion. It happens because Perlinsos was distributed to beneficiaries of the PKH, whereas basic food/BPNT and BST were not in the DTKS of October 2020 and the local governments' proposals are on the Social Welfare System Next Generation (SIKS-NG) application.

In addition, there are families indicated as problematic since 2020 but still designated as recipients of the social assistance in 2021, including those that had been deactivated, reportedly died, and those receiving doubled social assistances.

As a result, the distribution of PKH social assistance, basic food/BPNT and BST is indicated to be not on target, amounting to Rp6.93 trillion.

BPK also finds that there were Prosperous Family Cards (Kartu Keluarga Sejahtera, KKS) that had not been distributed and families that had not yet recorded transactions as beneficiaries of PKH and basic food/BPNT worth Rp1.11 trillion, the amount of which had not been deposited into the state treasury.

With regard to these problems, BPK recommends Secretary General of the Ministry of Social Affairs to instruct the Head of the Center for Social Welfare (Pusdatin Kesos) to correct and validate beneficiaries data according to relevant regulations. BPK also instructs the Inspector General to test the research result of the Commitment Making Officer (PPK) of the PKH and of the Directorate of Poor Handling (PFM) Region I, Region II and Region III related to beneficiaries of PKH, basic food/BPNT and BST indicated as falsely designated valued Rp6.93 trillion. The result of the research must then be followed up with the replacement of the management of PKH, basic food/BPNT and BST.

Another recommendation is to instruct related Director General to ask the channeling banks to immediately deposit



There were Prosperous Family Cards (Kartu Keluarga Sejahtera, KKS) that had not been distributed and families that had not yet recorded transactions as beneficiaries of PKH and basic food/BPNT worth Rp1.11 trillion, the amount of which had not been deposited into the state treasury.

Rp1.11 trillion to the state treasury and submit a copy of the proof of deposit to BPK.

The Explanation from the Ministry

In response to BPK's findings, the Ministry of Social Affairs had provided explanations as revealed in the audit report. The Director General of Social Security and Protection (Linjamsos) states that the determination of beneficiaries for Phase I and II is still based on the 2020 DTKS, which had not yet been inclusive, as it requires 47 variables uneasy to fulfill, and yet it does not happen in Phase III. The Directorate of Family Social Security (JSK) also states that it will continue to improve the distribution and usage mechanism of the social assistance, saying that the monitoring and evaluation result shows that most of the problems occur in the process, not in the data.

It is further stated that the DTKS refers to the population and civil registration data, which are constantly moving. Thus, it results in the previously matched data to later become unmatched, which is also followed by the DTKS. The JSK Directorate also states that it will conduct further research through feasibility verification, so that the regions can update the DTKS through the SIKS-NG application. ●

IMPROVING REGIONAL WASTE MANAGEMENT EFFORTS

There has been an increase in illegal waste, increased practices of burning, stockpiling, and dumping of waste into rivers.

Waste management has become a global issue in the agenda of Sustainable Development Goals (SDGs). One of the four pillars of SDGs, environment development pillar, has set targets to be achieved from sustainable environment development. These include, among others, by 2030, to reduce the adverse impacts of urban environmental per capita, including paying special attention to air quality and handling of municipal waste (Target 11.6), and to substantially reduce waste production through prevention reduction, recycling, and reuse (Target 12.5).

The Audit Board of the Republic of Indonesia also seeks to support the achievement of SDGs by carrying out performance audit on waste management at a number of local governments. Performance audits on the effectiveness of local governments efforts in reducing and handling Household Waste and Waste Similar to Household Waste have been carried out at the local governments of Jambi City FY 2020-Quarter III FY 2021, Sukoharjo Regency, Tegal City, and Magelang City FY 2020-Semester I FY 2021.

From this audit, BPK noted that the local governments had made efforts to reduce and handle Household Waste and Waste Similar to Household Waste. For example, the Jambi City Government has established regulations in waste management, namely Regional Regulations Number 5 of 2020 concerning Waste Management, Mayor's Regulation Number 61 of 2018 concerning Restrictions on the Use of Plastic Shopping Bags, and Mayor's Regulation Number 54 of 2018 concerning Policies and Strategies of Jambi City in the Management of Household Waste and Similar Household Waste.

On the other hand, Sukoharjo Regency Government has provided Household Waste and Similar Household Waste processing facilities in the form of 11 units of Waste Processing Shelter – Reduce, Reuse, Recycle (TPS-3R), 1 Compost House, and 1 Final Processing Site (TPA). In addition, Sukoharjo Regency Government has also implemented composting using a bio-activator/molasses/eco-enzyme, maggot cultivation to decompose organic materials in the form of making paving from plastic waste, and processing methane gas from landfills.



City Government of Magelang has planned and implemented programs or activities to increase the capacity of waste management unit in the community, provide waste transportation facilities that meet technical criteria according to needs, and carry out waste processing taking into account the characteristics of waste, environmentally friendly processing technology, work safety, and social conditions of society.

City Government of Tegal has reorganized the roles and coordination between the Waste Bank Unit and Main Waste Bank in order to synergize the marketing of the waste bank activities, facilitate transportation of waste from Waste Bank Unit and Main Waste Bank, provide buildings Main Waste Bank operations, provide operational support equipment to several waste banks, provide facilities and infrastructure for collecting waste in the form of containers and Temporary Shelters (TPS) and assistance for garbage carts/rickshaws to the community.

Nonetheless, BPK found significant problems which, if not immediately corrected, could affect the effectiveness of local governments efforts in reducing and handling waste. Among other things, the Jambi City Government in carrying out waste sorting activities in the context of recycling, reusing, and waste processing has not contributed significantly to efforts to reduce Household Waste and Waste Similar to Household Waste.

The sorting of Household Waste and Waste Similar to Household Waste at the source of waste generation has not been carried out and the activities of sorting and processing waste through TPS-3R, waste to energy (WTE) Talang Banjar, and TPA Talang Gulo have not been optimal. As a result, the goal of developing the TPA Talang Gulo landfill area as a means to accommodate waste residue has not been achieved and the useful life of the landfill area has the potential not to be achieved.

BPK recommends to the Mayor of Jambi to compile and set standards for the type and/or nature of waste that must be separated and its container, both at the source level of waste generation and at TPS, TPS-3R, Integrated Waste Processing Sites (TPST)/Depo, and TPA.

Meanwhile, Sukoharjo Regency Government does not yet fully have adequate waste processing facilities and has not fully implemented supervision, monitoring and guidance on waste reduction and handling activities. This results in the problems of waste management that occur in the community or waste processing facilities that cannot be resolved immediately.

BPK recommended the Regent of Sukoharjo to instruct the Head of the Environmental Service to identify and take inventory of facilities and infrastructure at TPS-3R, as well as to develop a roadmap for their improvement and utilization that supports the fulfillment of waste collection and processing facilities, as well as reviewing the construction of leachate processing facilities on landfill.



Public understanding of the socialization of waste reduction and restrictions on the use of single-use plastics has not been achieved.



Meanwhile, City Government of Magelang in facilitating the development of waste management units and capacities in the community has not been optimal, including the misalignment of performance indicators in planning documents, program implementation and activities related to the development of waste management units, resulted in the waste reduction target not achieved.

The Mayor of Magelang needs to develop plans and targets for the development of units and capacity for waste management in the community in accordance with the conditions and potential of the region and immediately form the managers of TPS-3R Sukorini and TPS-3R Kotaku, so they can operate immediately.

The process of sorting waste at the source and the process of collecting waste at Tegal City Government has not been managed adequately. This resulted in an increase in the amount of unsegregated waste that enters the processing and final processing facilities, and has the potential of unmanageable waste accumulation at communal storage locations such as TPS and containers.

BPK recommends the Mayor of Tegal to make a plan for the gradual fulfillment of segregated waste containers at strategic locations, protocol roads and public places, fulfillment of communal containers (TPS or containers), and waste collection facilities/fleets by referring to standards and needs analysis supported by accurate data.

Regional Waste Management

BPK also carried out performance audits on waste management FY 2020-Semester 1 2021 at 2 entities: Indragiri Hilir Regency Government and Pekanbaru City Government. The former has drafted a Regent Regulation on waste management as mandated by the Waste Management Regional Regulation and drafted Standard Operating Procedures (SOP) for waste management. The latter has stipulated Regional Regulation Number 8 of 2014 concerning Waste Management, which contains the obligation to provide garbage containers for every household and other areas, as well as arranged an SOP for garbage collection in city parks and green open spaces.

Nevertheless, the audit results concluded that waste management in local governments of Indragiri Hilir Regency and Pekanbaru City were not effective. Some of the problems found by BPK include programs for reducing waste and managing waste collection and sorting that has not been implemented adequately.

This is shown by the provision and utilization of TPS-3R facilities, guidance/socialization and supervision related to the call for reducing waste and limiting the use of single-use plastics that have not been adequate, facilitation of partnerships for the use and marketing of recycled products has not been carried out, all public school have not been encouraged to become Adiwiyata School, as well as supervision, monitoring, and evaluation of waste banks and similar facilities that carry out waste processing are not adequate.

As a result, public understanding of the socialization of waste reduction and restrictions on the use of single-use plastics has not been achieved, the limitation of plastic waste that is less than optimal has the potential to shorten the technical life of landfill, the target for reducing the volume of waste is not achieved according to regional policies and strategies, the objectives of the Adiwiyata School program to shape students' character to be environmentally sound are not achieved, and the level of success of waste reduction activities and programs cannot be measured.

Meanwhile, Pekanbaru City Government has not been optimal in providing TPS in sufficient numbers and in accordance with technical requirements. This is indicated by the capacity of TPS services that can only serve 12.98 percent of the population of Pekanbaru City; there are still TPS whose waste is transported every two days to once a week. Additionally, 55 percent of TPS are not equipped with roofs, and the closure of 2 TPS creates a collection point for illegal waste.

As a result, there is an increase in illegal waste, as well as an increase in the practice of burning, stockpiling and dumping waste into rivers. This then pollutes the environment and hinders the process of collecting waste, either by collectors, transport contractors, or the Department of Environment and Cleanliness (DLHK).

BPK recommends to the Indragiri Hilir Regent to socialize on a regular basis the Regent Circular Number 521/SE/I/2020 concerning Waste Reduction and Restrictions of Single-Use Plastics. Additionally, it is imperative to make evaluation reports and analyze schedules and routes for waste collection and transportation based on the amount of waste generated and the Decree of the Head of Service.

Mayor of Pekanbaru also needs to compile an analysis of the needs of TPS and their placement per sub-district by taking into account the variables of population, number of houses, and amount of waste, as well as by planning the need for adequate waste infrastructure in zone 1, 2, and 3. ●



BPK AUDITS HAZARDOUS MEDICAL WASTE MANAGEMENT

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The DKI Jakarta Provincial Government has not yet had a grand design or a roadmap of comprehensive medical hazardous waste management.

BPK conducts a performance audit of the management of hazardous and toxic medical waste (B3) year 2020 up to the first semester of 2021 at Environmental Working Unit (DLH), Health Working Unit and other relevant agencies in DKI Jakarta Province. The DKI Jakarta Provincial Government has made efforts to manage the medical hazardous waste. Ten health service facilities observed have reduced the hazardous waste at the source and implemented reuse and/or recycling of the medical waste produced.

In addition, the provincial government's health facilities have already had an agreement on the hazardous medical waste mana-

gement cooperation with a third party. The Environmental Working Unit has also had an application of monitoring and control related to the environmental management reports.

Based on the audit, BPK finds several problems affecting the effectiveness of the management of the hazardous medical waste.

BPK reveals that the DKI Jakarta has not yet had a grand design or a roadmap on a comprehensive hazardous medical waste management. It is indicated by the Governor's draft of regulation on guidelines for the management of the hazardous and toxic medical waste produced by health facilities, which has not been supported by complete regulations and databases and has not regulated a clear synergy as well as cross-cutting coordination mechanism.

In addition, the regulation draft has not also been supported by a feasibility study on the implementation of the regional-based waste management. as a consequence, the health facilities and related parties do not have clear formal guidelines in managing the hazardous medical waste.

BPK recommends the Governor of DKI Jakarta Province to instruct Head of the Environmental Working Unit, Head of Health Working Unit and other related agencies to prioritize the drafting of the regulation, grand design or a roadmap for a comprehensive hazardous medical waste management, which includes among others management standards, integrated information systems and databases, coordination mechanism among agencies and stakeholders, implementation of area-based hazardous medical waste management, licensing and provision on hazardous waste collection facilities in each region.

BPK also finds that the Environmental Working Unit is not optimal in carrying out supervision and law enforcement on health facilities and hotels/inns used for self-isolation of people without symptoms. It is indicated by the monitoring plan, which has not been supported by an integrated health facilities database. In addition, the Environmental Working Unit has not yet had any comprehensive technical guidelines to supervise the environmental management.

On the other hand, the Hygiene Management Division has not carried out thorough and regular supervision and control over hazardous medical waste from the basic health facilities nor an adequate supervision on the management of hotels used for Covid-19 isolations. The supervision on health facilities has not been adequately implemented and documented, the information system related to the supervision is not comprehensive and optimal,

and the administrative sanction is not effective in realizing environmental law enforcement.

The results of the supervision, therefore, cannot be fully used as the evaluation materials for the environmental management.

The Heads of Environmental Working Unit and Health Working Unit need to coordinate with the Head of the Investment and One Stop Service Working Unit (PMPTSP) to develop a monitoring system and health facility database related to licensing, management of hazardous medical waste and the cooperation in managing medical waste when using the third party services.

BPK also recommends the Head of the Environmental Working Unit to develop standard operating procedures on the integrated monitoring and control mechanism at health facilities.

In addition, BPK reveals further that the Health Working Unit is not optimal in coaching, monitoring and control the management of hazardous medical waste at health facilities, as there has not yet any standard operating procedures nor the monitoring and control have not been carried out regularly and thoroughly and inadequately documented. The Health Working Unit is not optimal in encouraging hospitals to regularly report the waste management, as that of the follow up of the monitoring results that has not been adequately implemented and documented.

As the consequence, the results of the monitoring conducted by the Health Working Unit of the DKI Jakarta Province cannot be fully used to evaluate the hazardous medical waste management.

In this regard, BPK recommends the Governor to instruct the Head of the Health Working Unit to prepare standard operating procedures related to the integrated monitoring and control mechanism at health facilities. ●



The Heads of Environmental Working Unit and Health Working Unit need to coordinate with the Head of the Investment and One Stop Service Working Unit (PMPTSP) to develop a monitoring system and health facility database related to licensing, management of hazardous medical waste and the cooperation in managing medical waste when using the third party services.

ACCELERATE THE DEVELOPMENT OF 10 NEW BALIS

As a result, the strategy formulated by the Ministry of Tourism and Creative Economy is not effective and not well targeted in achieving the targets set.



Maryanto Eko Hartanto

The tourism sector is developing into a leading sector that contributes to the economy and the country's foreign exchange earnings. This is in line with the national priority development agenda, namely strengthening economic resilience for quality and equitable growth. To achieve this, the government has issued various policies, including accelerating the development of 10 priority tourism destinations (DPP), namely Lake Toba, Borobudur and its surroundings, Lombok-Mandalika, Labuan Bajo, Manado-Likupang, Wakatobi, Raja Ampat, Bromo-Tengger-Semeru, Bangka Belitung, and Morotai.

BPK has carried out performance audits on the Development and Marketing Activities of 10 DPPs from the year of 2020 to the first semester of 2021 at the Ministry of Tourism and Creative Economy (Kemenparekraf)/ Tourism and Creative Economy Agency (Baparekraf) and related agen-

cies. This performance audit is carried out on the basis of consideration of the tourism sector as the government's leading sector in supporting the achievement of the national priority development agenda of the National Medium Term Development Plan (RPJMN).

The BPK audit revealed several efforts by the Ministry of Tourism and Creative Economy, including the 10 DPPs as one of the major projects in the RPJMN, and establishing 7 DPP institutions through Presidential Regulations (Perpres) and Government Regulations (PP) in the form of the Authority Board and Special Economic Zones (KEK). The Ministry of Tourism and Creative Economy has also set an integrated marketing communication target for the introduction of 10 DPPs through branding activities for the domestic and foreign markets.

However, BPK found a number of problems related to the program. BPK noted that the institutions related to the development of the 10

DPPs had not yet been fully established and carried out their functions adequately.

Not all of the Tourism Authority Boards or KEKs have been established and operate in priority tourism areas.

The Ministry of Tourism and Creative Economy also does not have an adequate a database and an adequate development of tourism and creative economy information system for 10 DPPs. Industry players and human resources for tourism and the creative economy have not met the required number and national competence standards. As a result, the management, development, and construction of 10 DPPs as well as analysis of weaknesses, strengths, trends, and tourism potential in DPPs have not been carried out optimally.

Authoritative zone lands for Implementing Authority Board (BPO) are not yet fully certified nor ready to be developed. As a result, the development and construction of land areas on the Lake Toba BPO (BPODT), Borobudur BPO (BPOB), and Labuan Bajo Flores (BPOLBF) BPO cannot be performed or embarked.

The marketing activities of the 10 DPPs have also not been supported by adequate marketing strategies, including the integrated communication strategy of 10 DPPs for the domestic and foreign tourism markets that have not been prepared and determined based on brand measurement adequately. In addition, the market-

ing strategy of 10 DPPs for the domestic and foreign tourism market has not been compiled, determined, and it is not based on the results of market analysis. As a result, the strategy drawn up by the Ministry of Tourism and Creative Economy is not effective and not well targeted in achieving the targets set.

For this problem, BPK recommends the Minister of Tourism and Creative Economy to instruct in stages, the Deputy for Destination Development and Infrastructure, and the Director of Destination Development to be more optimal in carrying out coordination with related parties in the establishment of BPO.

The Minister of Tourism and Creative Economy also needs to instruct the President Director and Directors of related Destinations to be more optimal in coordinating with related Ministries/Agencies, on land certification and the process of forest areas exchange, and obtaining permits for the use of other forest-services (PBPHJL) for tourism development.

The Deputy for Marketing also needs to develop an annual operational integrated communication and marketing strategy for domestic and foreign markets. This plan shall based on the direction of the marketing policy through considering brand measurement or market analysis, and reports from the Visit Indonesia Tourist Officer (VITO) that focus on development of 10 DPP. ●



AUDITING CLOUD COMPUTING AND SOFTWARE AS A SERVICE

The shift from traditional models of premise owned and operated infrastructure to the cloud has been seen globally as a way to generate a faster pace of delivery, enable continuous improvement cycles and provide a broad access to services.



Auditing Cloud Computing and Software as a Service

Lesla Craswell | Matthew Rigler | Kristian Gage

Thursday, 19 May 2022



■ WRITTEN BY **KRISTIAN GAGE** AND **TYAS UTAMI DIBYANTARI**

On the 19 May 2022, representatives of BPK's IT Bureau – led by the Director of Information and Technology BPK - met virtually with counterparts from the Australian National Audit Office (ANAO) to discuss the emergence of new technology such as that of the use of cloud environments and alternate storage solutions, commonly referred to as cloud services.

The concept of cloud services primarily consists of two components: Firstly, it relates to the delivery of ICT services over the internet on demand in which users can access computing resources as a utility service via a wired or wireless network – from the cloud¹. Secondly, software as

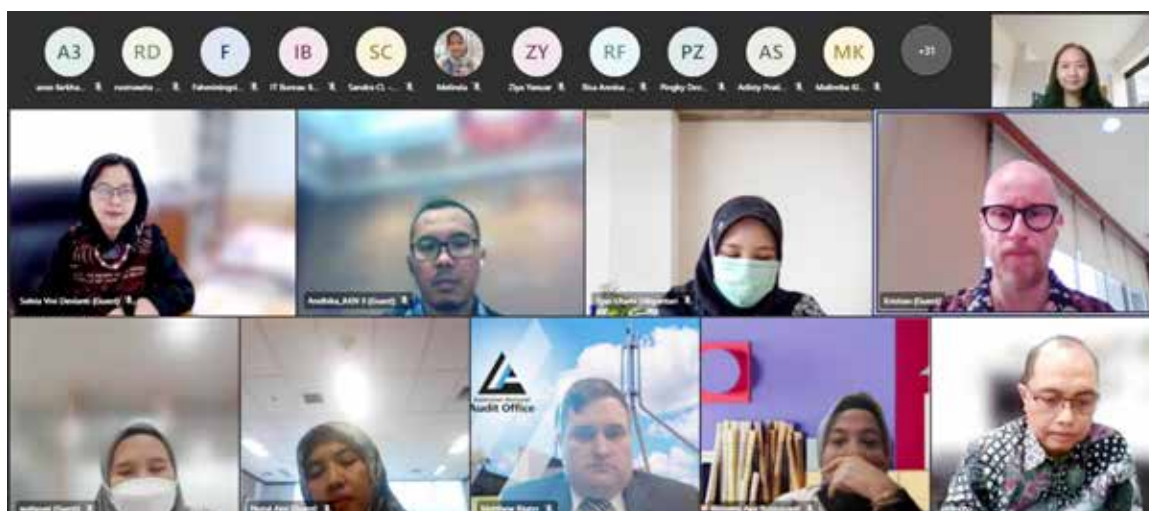
a service (or SaaS) is a category of cloud computing, where a third-party provider hosts applications and makes them available to customers over the Internet.

The shift from traditional models of premise owned and operated infrastructure to the cloud has been seen globally as a way to generate a faster pace of delivery, enable continuous improvement cycles and provide a broad access to services. From a broader government perspective, it is considered that benefits that arise as a result of the adoption of cloud capabilities across the public sector, can include²:

- Whole-of-government efficiencies through the reduction of costs of developing and maintaining technology and a reduction in the duplication of capabilities across government.

¹ Cloud computing and privacy consumer factsheet (infrastructure.gov.au), accessed 27 May 2022

² Secure Cloud Strategy | Digital Transformation Agency (dta.gov.au), accessed 23 May 2022



- Interoperability with an ability to efficiently manage information across agencies and security classifications.
- Capability uplift by enabling agencies to share and collaborate to reduce unnecessary duplication of ICT investment, or repetition of procurement and development processes.
- To drive efficiencies and encourage competition in a wide marketplace that enables government to easily move services between competitive and innovative offerings.

From the Australian perspective, the Australian Government, through the Digital Transformation Agency, has developed a Secure Cloud Strategy³ to assist government entities move towards a more agile method of service improvement. As outlined in the Strategy, the objective is to make it easier for government to invest in cloud technology with the view that the use of cloud can improve resilience, lift productivity and deliver better services⁴. That said, presently there are a number of barriers to implementation at both the entity and industry level and risks that need to be mitigated.

Over recent years the ANAO has incorporated some coverage of cloud computing in to various performance and financial audits. In the knowledge sharing session, the Director of Information and Technology, Pranoto, and representatives from the IT Bureau along with the Director of Public Relations and International Cooperation, Selvia Vivi Devianti, and representatives from the Public Relations and International Cooperation Bureau welcomed

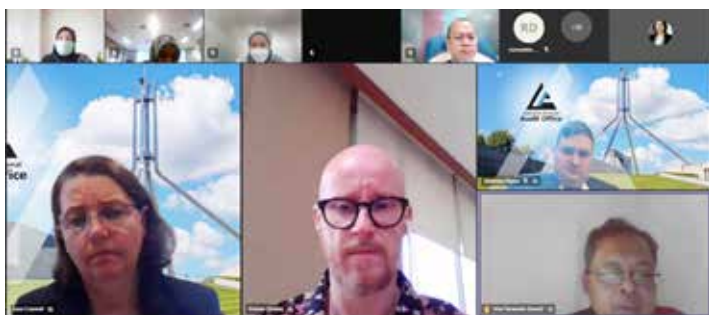
representatives from across BPK to listen to the ANAO as to its experience to date on this emerging area.

Matthew Rigter (Senior Director) and Lesa Craswell (Senior Executive Director) from the ANAO's Systems Assurance and Data Analysis Group joined the Senior Advisor to BPK, Kristian Gage, to share the ANAO's insights, key learnings and approach to the emergence of cloud computing and how this has been reflected in the conduct of their financial and performance audits. Some highlights from the session included:



³ Secure Cloud Strategy | Digital Transformation Agency (dta.gov.au), accessed 23 May 2022

⁴ Secure Cloud Strategy | Digital Transformation Agency (dta.gov.au), accessed 23 May 2022



- The speakers outlining the level of services provided by a cloud service provider under different forms of cloud computing architecture (ie Infrastructure as a Service; Platform as a Service; or Software as a Service) in comparison to the traditional on-premises architecture.
- Understanding that cloud represented a new industry standard for how technology was being delivered to support digital service delivery. The speakers identified some of the drivers to the move to the cloud for governments globally, and in Australia and the benefits anticipated from this.
- Understanding the framework and policy setting in Australia with reference to the move to cloud. This includes the Secure Cloud Policy issued by the Digital Transformation Agency, the guidance on the cloud for the public and the advice issued on the minimum controls in the government context by the Australian Cyber Security Centre.
- Highlighting some of the risks that were presented by the move to cloud and how these could be mitigated. This included the loss of a physical presence and physical ownership of assets, the ability of entities to direct and control, the sovereignty risk of data, and the

potential loss of ability to effectively audit. The ANAO speakers also outlined some of the myths that have arisen in relation to the move to the cloud – as illustrated in the Secure Cloud Strategy – and how these have been dispelled.

- The experience of the ANAO with cloud as illustrated by several case studies presented by the speaker, Matthew Rigter. Matthew identified the circumstances presented in the respective audits, the key considerations for the auditor, and how these matters were considered in the context of the audit, be it financial or performance audit.

For BPK which until now do not have experience both in using Cloud Computing or conducting audits on Cloud Computing, this discussion is a very good opportunity to gain understanding and lessons learned from ANAO in conducting audits of Cloud computing infrastructure used by the government, including cloud computing utilization schemes in government agencies as well as supporting regulations and standards that must be met by cloud computing providers for the government. This will greatly assist BPK in obtaining a more comprehensive understanding to conduct similar audits in the future.

Knowledge sharing sessions are held between representatives of BPK's Information Technology Bureau and the ANAO's Systems Assurance and Data Analytics Group regularly. Recent sessions have included: The Role of the Supreme Audit Institution in Auditing the Implementation of E-Government (5 October 2021); Auditing Enterprise Resource Planning (2 November 2021); and Case Studies in Data Analytics (13 April 2022). ●

About the bilateral relationship between BPK and the ANAO

The partnership between the ANAO and BPK is longstanding. This mutually beneficial relationship has been built on a foundation of respect and trust between both organisations and over the years has matured with the focus shifting largely from technical training to support directed towards strategic management, organisational development and two-way learning for both organisations.

As members of the International Organisation of Supreme Audit Institutions (INTOSAI) and the Asian regional organisation of INTOSAI (ASOSAI), the ANAO and BPK interact as international peers in these groupings. This partnership program has enabled a much deeper and more direct partnership through which BPK can source technical and organisational advice and assistance beyond the peer relationship.

MAINTAINING THE BALANCE BETWEEN CAREER AND FAMILY

A balance is not only a matter of evenly divided time. It is a freedom to use the time you have.

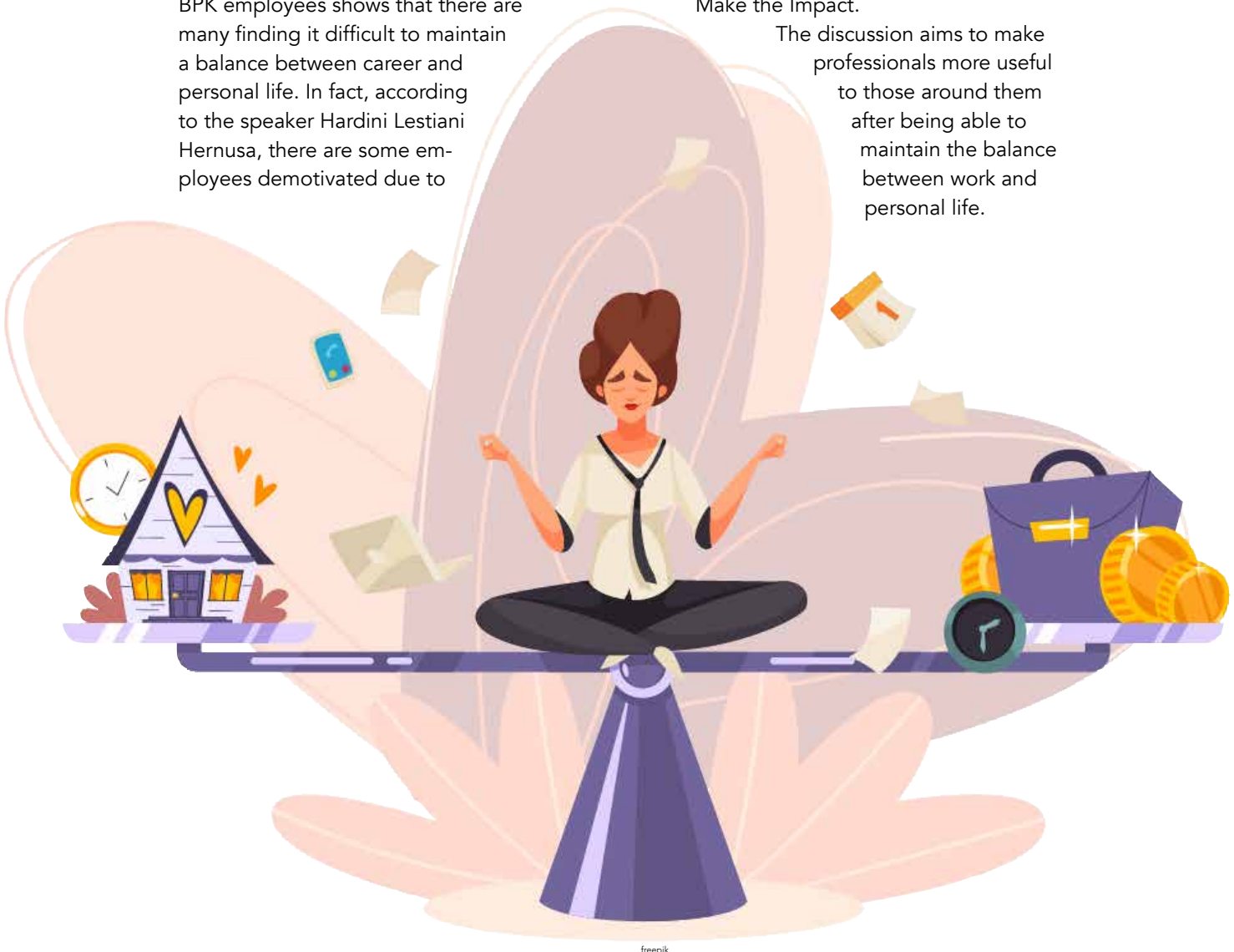
The Human Resources Bureau of the Audit Board of the Republic of Indonesia holds the 2nd Knowledge Transfer Forum (KTF) themed Finding the Balance to Make Impact:

Lesson Learned from the Mentoring Women in Leadership ANAO Phase 2, on April 7, 2022. The theme is deliberately raised since an unofficial survey among BPK employees shows that there are many finding it difficult to maintain a balance between career and personal life. In fact, according to the speaker Hardini Lestiani Hernusa, there are some employees demotivated due to

limited opportunities to move up the ladder in their careers.

She, who is also the Head of the Non-Government Institutions Relations, Bureau of Public Relations and International Cooperation of BPK, says that her knowledge sharing is lessons she learned when participating in the mentoring women in leadership. The theme is also similar to the 2nd KTF, namely Finding the Balance to Make the Impact.

The discussion aims to make professionals more useful to those around them after being able to maintain the balance between work and personal life.



freepik



While participating in the mentoring women in leadership, she had delivered an unofficial survey participated by female employees in BPK. The goal is to find out what women employees have to deal with. She divided the result into two parts, namely career development and personal life. Regarding the career development, demotivation arises because of limited opportunities, feeling that opportunity and competence do not go hand in hand. There is also a comment stating that it is only the "visible" that can advance. As for the personal life, many think that advancements in career will have consequences for the family.

According to Hardini, many think that work-life balance is a time that is divided between work and life out there. In fact, the balance is not only a matter of evenly distributed time, but the freedom to use the time you have. It means, according to her, that there is no dominant role.

"For example, the dominant aspect is the work activities and there are less time for family and other roles. It becomes unbalanced. But if we expect work-life balance, if we try to maintain that balance, we will have more time and we are aware," she said.

Hardini explains that maintaining a balance between career and personal life takes a lot of energy. In addition, it requires time management and an extraordinary support system, or you can also take advantage of time management to achieve greater energy. She



■ Hardini Lestiani Hernusa



Burnout kalau kita tidak aware, berdampak pada kesehatan. Ini juga adalah cerminan atau awareness pada diri pribadi. **Burnout** itu tidak mengenal umur, jadi kesadaran pada diri sendiri itu sangat penting. Kita juga harus saling mengingatkan, pada diri kita, sahabat kita.

achieves it based on tips from a book titled *Make Every Second Count* by Robert W. Bly.

She gives an example when someone or even she herself often feels that she has just received great energy when approaching the deadline or commonly called SKS (Sistem Kebut Semalam, what Indonesian people call as an overnight rush to meet the deadline). She suggests that the deadline can be better speedy up earlier, so that there are still times to spend with kids.

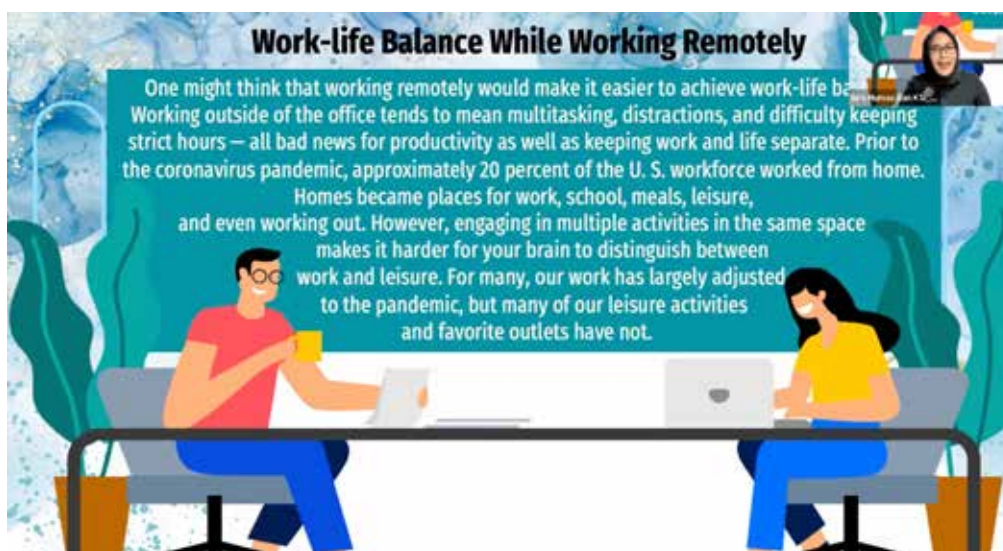
There are actually a lot of activities of which the effectiveness can be increased. Basically, the work-life balance is the flexibility to manage time and balance the time spent in professional life with our personal or family life. "And also personal time, yes. Me time is also important. If we have a lot of activities, we also have to be fit. We must also take time to engage with our hobbies or exercise, so that we can use our time more optimally," she said.

Recognize the Signs of Unbalanced Work-Life

We often do not realize that we experience an unbalance between work and life. There are various effects that may occur:



Source: Presentation at the 2nd Knowledge Transfer Forum (KTF)



She adds that work-life balance is very important because as a professional, one must remain energized and have the spirit to do something in the long term. People are also required to have a variety of activities in their daily lives.

She says that many people believe that they can continue to be active or energetic in a day, whereas research proves that, for example, within eight hours of work, it is not necessarily mean that someone will be as productive.

She reminds BPK employees that the risk is very high to feel tired and burnout because of the big responsibility. "If we are unaware, burnout can harm the health. It is also a reflection or awareness of oneself. Burnout knows no age, so self-awareness is very important. We also have to remind each other, ourselves, our friends," she said.

Achieving a balanced life

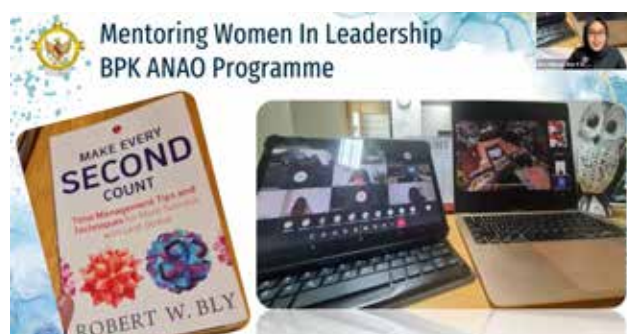
Based on the literature, there are several ways to achieve a work-life balance. First, planning. Based on the literature, we must plan what to do, especially tomorrow, with a time lag for each action we need to do. Second, embrace the way your brain works. Each person has a different focus of time, it can be night or day.

Third, set blocks of time for different tasks. Prepare a time window where we can really focus on working, for example, at night after work. "And according to the book, don't be too much of a perfectio-

nist. Because if you have to be a perfectionist, it takes more time. According to the time management book, at first, you don't have to be a perfectionist. Later, if there is more time, we can correct and complete it," Hardini said.

Fourth, stop working when it is the time. Fifth, limit the time of holding devices. Even though it has become a necessity, it turns out that there are times we have to stop using cellphones or laptops. Sixth, take time to have lunch with friends or people from the office. Next, take time to rest for a while. Even though it is sometimes difficult, take time to meet family or parents.

Eighth, find something you like beside work. "Don't just focus on work. Look for other activities outside the office, such as joining organizations, where we can hone ourselves in other fields," Hardini, who is also an administrator at the ACFE Indonesia Chapter, IAI Public Sector Accountants Compartment and IABA (UK Alumni Organization), said. ●



GET A CLOSE LOOK ON LFAR

LFAR is an audit report that is provided with additional information that the report format becomes longer.

The use of Long Form Audit Report continues to grow from time to time. As a tool to strengthen good governance, accountability, and transparency, LFAR is here to answer challenges in presenting audit reports. LFAR is also being studied by members of the Audit Board of the Republic of Indonesia (BPK) to be applied in a number of audits. One of the auditors in the Directorate General of Investigation Audit, Dwi Amalia Sari, also shared knowledge related to LFAR in a webinar held by the Live R&D Community. Dwi said that LFAR was present because it was needed by many parties.

The first one who need LFAR, said Dwi, are the stakeholders. Dwi said, LFAR is needed when stakeholders want to know more, more informative, and more detailed information from an audit process. Then, she said, capital owners or investors often need a report in the form of LFAR. "Audit reports are very much needed for decision making. So, they (the investor) need an LFAR audit report," she said.

Organizational entities also need LFAR to enhance their own credibility. Dwi gave an example, entity A presents LFAR so that people see the company is trustworthy. With this trust, it is hoped that it will have a positive impact on the company, such as attracting greater investment.

Employees may also need LFAR. One example can be seen in the practice in the banking world. Dwi explained that business processes in the banking sector are very rigid. Usually, banks assign responsibility in different units for each asset. With such a rigid organization, it will be seen which units that have good and bad performance. It will then determine the bonus and others.

"So, Employees also need LFAR to determine that," said Dwi. Dwi said that LFAR was needed because reports in short form usually only contained three conclusion paragraphs and no detailed information. In common practice, the paragraph will state that the audit has been carried out according to standards, then there are things that



may get attention or processes that have been carried out, and the last is an opinion.

LFAR is an audit report, which is given additional information so that the format becomes longer. Initially, LFAR was widely used in the banking sector to support prudentia aspects. LFAR then developed rapidly, especially in recent years thanks to the support of the industrial revolution 4.0.

Dwi emphasized that LFAR is not a report of an unqualified opinion with an explanatory paragraph (WTP DPP). She explained, in the audit with the unqualified opinion, the explanatory paragraph must not be material because if it is material then the opinion becomes Qualified. So, in the opinion of the WTP DPP, the explanatory paragraphs explain matters that if it is not mentioned, it can result in misleading the readers of the report. For example, in the case of the prosecutor's office that burned down, the balance sheet position on December 31 was still there but burned down in February of the following year. Events that happened after the balance sheet date, need to be mentioned in the explanatory paragraph. If it is not stated, the readers of the financial statements will think that the building assets still exist. The opinion WTP DPP is not the same with the opinion WTP.

Meanwhile, the WTP opinion in the LFAR format and the one in the short form format are the same report. The difference is, the WTP short form



When we audit, for example, testing a regulation, it will be tested at every level from top to bottom.

usually only contains three conclusion paragraphs, while the WTP LFAR can contain additional information that needs to be presented by the auditor.

Dwi said, there are four types of LFAR, namely basic, binary, graduated, and risk mapping. According to Dwi, an integrated audit is a form of LFAR at a basic level. Integrated audit, which means that there is an audit of financial statements that are accompanied by performance audits and/or compliance audits in one opinion.

Further, binary LFAR can be applied in the audit of financial statements. She gave an example, binary LFAR can be used if there is a correction in the financial report.

“For example, if the income is used directly, such as by Regional Hospitals that have not become Public Service Bodies (BLUDs), then according to the rules are indeed “wrong”, but if a hospital must always use the SP2D mechanism, it is



not possible, because the operation of a hospital is by nature an urgency. Therefore, it is necessary to make LFAR as part of their accountability responsibilities,” said Dwi.

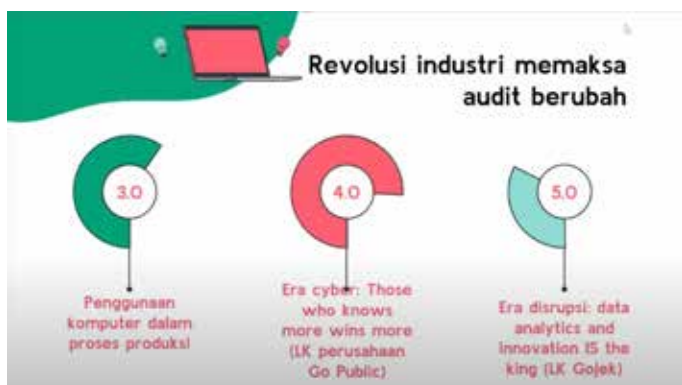
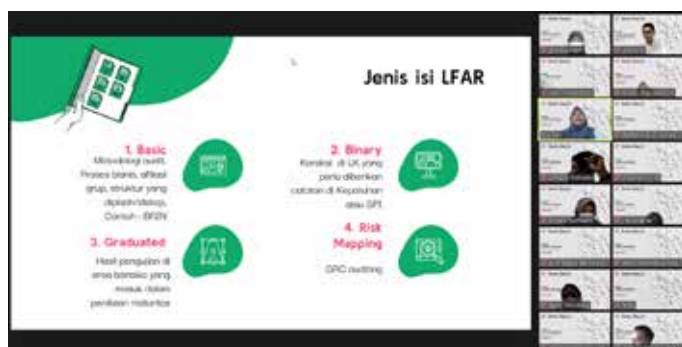
In addition, there is graduated type of LFAR. This type of report can be used when the industry or organization being audited is participating in a certain certification or maturity assessment. Then, LFAR is a type of risk mapping. Dwi said, this type of LFAR is considered the most sophisticated. This can only be done if we carry out a comprehensive audit. This means that audits are carried out from the level of policy makers, management, to operations.

“When we audit, for example, testing a regulation, it will be tested at every level from top to bottom,” she said. From this audit, the auditor can then present it in the risk mapping report format. Dwi said this type of reporting is also related to the development of governance, risk management, and compliance (GRC) issues. Then, when do we need to draw up LFAR? Dwi reminded that the preparation of the LFAR also depend to the needs of the audit. This is because LFAR needs adequate resource support.

“If it is only on the surface, it is feared that the results will not be exhaustive,” said Dwi.

Under normal circumstances, LFAR can be made if the short form report is not informative enough to answer stakeholders or become an evaluation tool. However, there are also circumstances that require the auditor to present the LFAR, among others, when there are changes in the nature, processes, and strategies of the business.

Regarding the format for the preparation of the LFAR, Dwi considered that in general there was nothing binding. However, in LFAR there are usually elements that are commonly used, including conclusions, standards used, management responsibilities, auditor responsibilities, and the methodology used by auditors. Then, the auditor can provide the results of the audit on the added information. ●



GETTING TO KNOW ICED, ENVIRONMENTAL AUDIT AND SDGS TRAINING CENTER IN INDIA



Pictures: iced.cag.gov.in

Can you explain about the establishment of iCED? What underlies the establishment of iCED as an international training institution with an environmentally friendly concept?

International Centre for Environment Audit and Sustainable Development (iCED) has been set-up under the aegis of the Comptroller and Auditor General of India (C&AG) for capacity building and knowledge sharing in the area of environment audit. It is a designated Global Training Facility (GTF) of the Working Group on Environmental Audit (WGEA), as well as of the Working Group on Extractive Industries (WGEI) of International Organizations of Supreme Audit Institutions (INTOSAI). iCED is also a leading institution conducting training programmes on Environment Audit under the Indian Technical and Economic Cooperation Programme (ITEC) sponsored by the Ministry of External Affairs, Government of India. The institution also conducts domestic training programmes on the audit of environmental issues and sustainable development areas for its internal capacity-building programmes. iCED embarked on its capacity-building efforts in 2013. This facility seeks to harness India's expertise in conducting environment audits over the years and other contributions to provide extensive training and to act as a forum for experience sharing and research.

Of the total area, 85 per cent of the campus is a 'Green Zone' with variegated flora and fauna. The 'Energy Conservation Building Code 2006' norms were applied for the building's site selection, material usage during construction, energy and water efficiency, indoor environment quality, etc. The infrastructure in iCED is its biggest strength which can be capitalized to enhance its visibility and image as time goes by. The green features include use of renewable energy through a solar farm, recycling of waste water through a sewage treatment plant, in-house composting, and use of geo-thermal cooling/heating for specific areas of the building with potential for greater enhancements which enhances the commitment of SAI India to the cause of the sustainable environment.

What makes iCED different from other training institutions?

Issues on environment audit and audit of sustainable development are cross-cutting in nature, that is, they extend across different government ministries/ departments. As such, it becomes difficult sometime to appreciate the efforts of other departments/ministries in this field. Unlike purely academic institutes, iCED can track initiatives across the whole spectrum of government activities that will make our environment audits more robust and effective.

It is dedicated to the cause of environment audit and sustainable development. iCED also demonstrates eco-friendly practices through its own physical infrastructure which is built on the lines of environmentally sustainable construction features as well as an 85 per cent 'Green Campus' with natural habitats being preserved on campus. iCED is uniquely placed with;

- Expertise in Environmental Audits conducted by the Comptroller and Auditor General of India.
- Integration of iCED in Environmental Audits within SAI India.
- Experience and contribution to WGEA.
- As a Global Training Facility of WGEA for over a decade.
- Research and knowledge sharing promoted through the institution.
- Excellent infrastructure including green practices having demonstration value.

What are the expected goals and targets of establishing this iCED?

Our vision is to be a global Centre of Excellence for improving accountability and governance in the area of environment and sustainable development. Our mission is to develop high quality products in training and research to enrich environment audit through an inter-disciplinary approach enabled by valuable partnerships. Our Strategic objectives are:

- Be a knowledge centre that fosters learning and builds capacity for audit
- Promote mainstreaming environment concerns.
- Undertake research that informs the processes in audit as well as governance structures.
- Be an information hub for wide dissemination and use.



- Build partnerships with SAIs and other organisations working in this area.
- Develop a modern institution which is efficient, effective and adaptable.

What are the roles of iCED?

Overall activities of iCED can be distinguished under two core themes i.e. Capacity Building and Research. iCED play its role under these themes by conducting programmes for Capacity Development: Through Training Programmes, Workshops, Seminars etc. Research: Inform the audit process through research-based inputs through a synergy of in-house and external expertise. iCED also plays a pivotal role in the Audit Process through Risk Assessment, providing inputs on Environment Auditing guidelines /Audit design matrix framed for environmental audits to be undertaken by Field audit formations.

What is the interest of SAI India in the establishment of this iCED?

SAI India headed by the Comptroller and Auditor General of India established iCED to be a Global Training Facility of the INTOSAI on Environment Audit. iCED provides handholding for conducting environment audits by assisting in the selection of criteria, and identifying audit objectives and sources of data. The centre has helped in establishing a criteria-condition-cause-conclusion-recommendation trail to ensure that the reports remain comprehensive while reflecting the big picture. SAI India is actively promoting Natural Resource Accounting as an important environmental assessment tool and has released a concept paper on Natural Resource Accounting in 2020 involving physical accounting, monetary valuation, and economic accounting. iCED has been assigned the task to organize training/workshops, to act as a data repository and information hub for NRA activities, providing critical inputs and reporting data collected from field offices. Since August 2017 iCED provides opportunities for college students to work at iCED. It also engages Research Associates for providing research-based inputs. iCED extended its outreach by entering into knowledge-sharing compacts with leading research institutes in India, for exploring areas for joint publications and collaborations in cutting-edge areas of environmental concerns. iCED is also contributing on behalf of SAI India to research projects of INTOSAI WGEA under various work plans since its operationalization.

What training programs has iCED offered since its inception, are currently running, and what are the next targets?

Since its inception date iCED has organised 214 training programmes/workshops including International/Bilateral/National levels on Environment and Sustainable Development related topics involving more than 5700 participants. In the years ahead, the roadmap for iCED will continue to focus on cutting-edge training and capacity-building efforts at both national and international levels, especially as climate action and environmental issues receive increased attention from SAIs in light of global momentum in these critical areas.

How the implementation of the iCED curriculum and to what extent is does the curriculum support environmental conservation efforts?

iCED provides handholding for conducting environment audits and has helped in establishing a criteria-condition-cause-conclusion-recommendation trail to ensure that the reports remain comprehensive while reflecting the big picture. Every year planned training programmes are approved by Apex mechanisms i.e. Central Training Advisory Committee (CTAC) at the office of the Comptroller and Auditor General of India after due deliberations and discussions. Our international training programmes are in line with the work plan of WGEA as approved by the Chair and by the Comptroller and Auditor General of India. These training programmes feature course modules designed by identifying topics of interest as received through our training need analysis received from field audit offices. These courses are delivered by renowned subject matter experts.

What is iCED's contribution to environmental audits? Especially regarding e-waste?

Please refer to earlier paragraphs 4 and 5. International Training programmes are based on the modules concurred by INTOSAI WGEA and CTAC. There are general training programmes like Introduction to Environment Audit and in addition workshop cum training programmes on specific topics suiting the needs of various SAIs are organized from time to time. In the past, iCED covered themes like Water, Waste, Biodiversity, Air, Sustainable Development, Industrial Pollution, Climate Change, Natural Resource Accounting, Mining etc. in training and workshops. E-waste

has been covered in training programmes conducted on Waste related themes.

Who has used this iCED and how did they evaluate it?

Overall, more than 5700 participants have attended training and workshops at iCED since its operationalisation in 2013. It includes a total of 1329 participants from 109 SAIs. The programmes include International/National/Bilateral training programmes, workshops and seminars (physical as well as virtual platforms). We are using online platforms like Google forms for feedback during international training programmes. We have SAI India training portal which is a centralized portal for all training institutes for recording feedback for National Training Programmes. In addition to these we also received testimonials from international participants. It is difficult to provide feedback across the categories but relying on the testimonials/data we have received on our feedback collection mechanism, it may be informed that the overall feedback has been very positive and encouraging. The numerical grading has always been more than 8 (on a scale of 10). This is also reflected in an uptick in participation in recent years especially through the use of online platforms.

What is the next future program of iCED that will involve other stakeholders or institutions either nationally or global?

International Training Programmes (as per present scheduling):

WGEA

- An International Webinar on “Clean Water and Sanitation”, 26th September to 27th September 2022.
- 10th International Training Programme (ITP) on “Introduction to Environmental Auditing” 28th November to 10th December, 2022.
- An International Workshop on “Climate Change Mitigation and Adaptation Strategies including Green Finance” from 13th February to 17th February, 2023.

WGEI

- International Training Programme on “Audit of Extractive Industries”, 27th February to 11th March 2023.

Besides, there are 10 domestic programmes in 2022-23 (up to March 2023). ●

VICE CHAIRPERSON OF BPK ATTENDS UN IAAC LEADERSHIP MEETING WITH UN MANAGEMENT COMMITTEE

The IAAC also advises the General Assembly on the quality and overall effectiveness of the organization's risk management procedures and internal control framework.



The United Nations Independent Audit Advisory Committee (UN IAAC) reiterated its role in the UN General Assembly. This is related to the capacity to provide input to the General Assembly

on the responsibility for monitoring the scope, results, and effectiveness of audits, as well as other supervisory functions.

IAAC also advises the General Assembly on the quality and overall effectiveness of the organization's risk management procedures and internal control framework. This was the main discussion of the virtual meeting between the UN IAAC leadership with the UN Management Committee on Wednesday (13/4).

The meeting was chaired by a representative from the IN Secretary General's Chief

de Cabinet. Also attending the meeting was the Vice Chairperson of the Audit Board of the Republic of Indonesia (BPK), Agus Joko Pramono as vice chair of UN IAAC, and Chair of UN IAAC Janet St Laurent from the United States.

Also present were Bernando Mariano Jr (Chief Information Technology Officer), Unaisi Vuniwaqa (Assistant Secretary-General for Safety and Security), Moses Abelian (Under-Secretary-General for General Assembly and Conference Management), Chandramouli Ramanathan (controller), Joao F (the United Nations Legal Counsel), Fitzroy Miller (UN IT specialist), Tatiana Valovaya (Director-General of the United Nations Office di Geneva), dan Chaste Abiama (UN Human Resources Officer).



The Committee will continue to monitor management's efforts to expand the implementation of ERM across the organization and to develop and implement a risk mitigation plan to address the critical risks identified through ERM. As for OIOS, the Committee conveyed to management issues related to performance audits, issues of human resource vacancies at OIOS, and issues of punctuality in the investigative audit schedule.

On that occasion, the IAAC leadership also conveyed information on the progress of work carried out over the past year. In particular regarding trends in critical recommendations to regulatory bodies. Also the organization's risk management, especially those related to management reform and organizational culture. Then the effectiveness of the Office of Internal Oversight Services (OIOS), trends in organizational financial reporting, internal control statements (SIC), and coordination between supervisory agencies.

IAAC also submits several recommendations to the oversight bodies. The Committee noted that there was indeed a slight improvement in 2020. However, the implementation of the Board of Auditors' recommendations for entities under the purview of the Secretariat is still significantly lower than the level of implementation for units outside the scope of the Secretariat.

The Committee paid particular attention to the UN-Habitat and International Residual Mechanism for the Criminal Tribunals which continued to have a negative trend in the percentage of recommendations implemented. For the record, the implementation rate decreased from 20% in 2018 to 5% in 2020.

This is a major risk that deserves the attention of the Management Committee. The implementation rate for most organizations in the Secretariat which ranges from 8% to 42% is too low for an effective and accountable organization. The Committee, in this case IAAC, also reminded that the Management Committee should prioritize the implementation of the recommendations of the supervisory body. However, in relation to the OIOS recommendations, the Committee hopes that the Management will improve the implemen-

tation of the critical recommendations that have matured. The Committee also recognizes OIOS' efforts in the formulation of recommendations, processes, in order to improve implementation.

The Committee also touched on the low acceptance rate in some entities. Such as UN-Habitat and UNODC regarding Joint Inspection Unit (JIU) reports/recommendations which may not be relevant for that entity. This is considered to be a source of systemic problems in related entities.

The Committee believes that there is a risk that significant findings from JIU are not addressed. The Committee hopes that dialogue between JIU, the Management Committee, and related entities will be a good step in developing strategies. Another issue discussed was recommendations regarding enterprise risk management (ERM). According to the Committee, ERM is heading in the right direction in prioritizing a strong risk management framework as part of the accountability system.

The Committee will continue to monitor management's efforts to expand the implementation of ERM across the organization and to develop and implement a risk mitigation plan to address the critical risks identified through ERM. As for OIOS, the Committee conveyed to management issues related to performance audits, issues of human resource vacancies at OIOS, and issues of punctuality in the investigative audit schedule.

The Committee also reports on trends in the organization's financial statements. This includes, among others, the issuance of reports on the organization's internal control and the important role of the internal control advisory group that helps the organization. ●

BPK VICE CHAIRPERSON ATTENDS THE 58TH UN IAAC MEETING

Beside virtual, the physical meeting was conducted at the United Nations Office at Geneva (UNOG) in Geneva.



United Nations

IAAC

Vice Chair of the United Nations Independent Audit Advisory Committee (UN IAAC) Agus Joko Pramono contributes and provides significant inputs on the implementation of recommendations to oversight bodies in the United Nations (UN) organizational system. The active participation of the BPK Vice Chairperson contributes valuable experience and knowledge on the international organization oversight practices beneficial for BPK and Indonesia.

On April 19 to 21, 2022, Agus attended the 58th routine meeting of the UN IAAC, which was held on a hybrid basis. Beside virtual, the physical meeting was conducted at the United Nations Office at Geneva (UNOG) in Geneva.

The meeting was chaired by the Chair of the UN IAAC, Janet St Laurent (United States). The event was also attended by other members of the UN IAAC, such as Dorothy A. Bradley (Belize), Anton V Kosyanenko (Russian Federation), Imran Vanker (South Africa) and UN IAAC Executive Secretary Moses Bamuwamy.

This routine event for members of the UN IAAC Committee is a continuation of the previous meeting which was held on February 16 to 18, 2022. The meeting agenda begins with the discussion on the results of the previous meeting, among others is the need for special attention to cyber security issues during a meeting with the Chief Information Technology Office (CITO).

Agus attended the meeting virtually via video conference with The Controller, Chandramouli Ramanathan. He also had a

meeting with the Under-Secretary General, Office of Internal Oversight Services (OIOS), Fatoumata, senior management and OIOS staff at the UNOG. He then continued to meet the Director of Business Transformation and Accountability Division (BTAD), DMSPC, Christophe Monier.

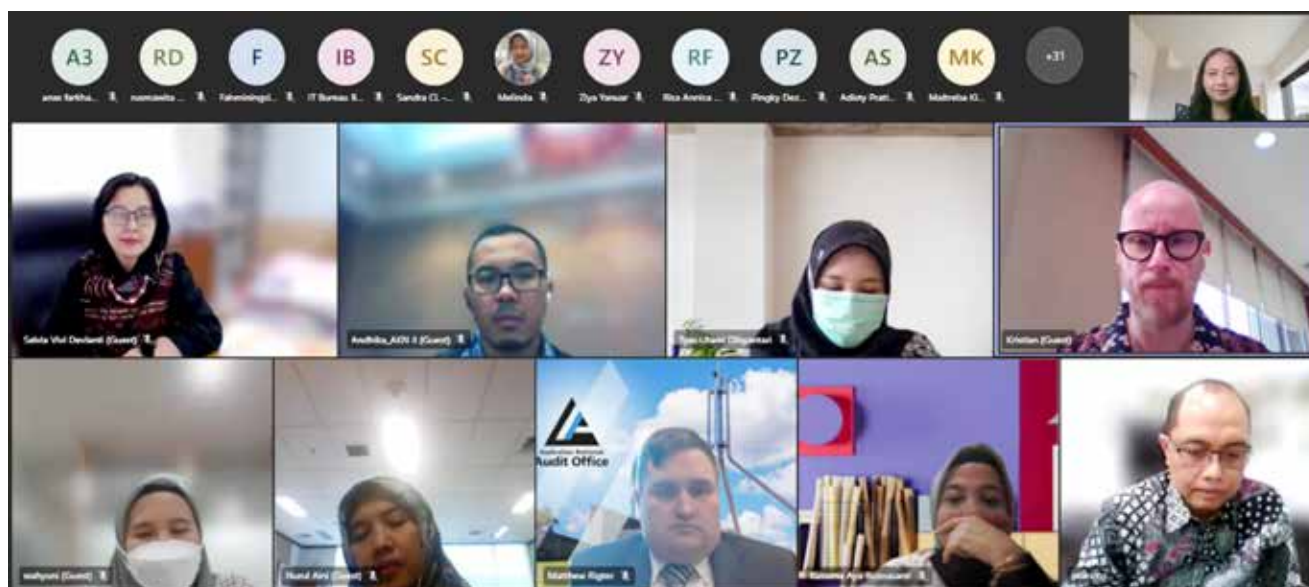
In the meeting with the Controller, the committee did not only discuss the OIOS budget for peacekeeping operation in 2023 and the submission of routine budget. However, it also discussed the management of After-Service Health Insurance (ASHI).

Meanwhile, the meeting with the Under-Secretary General of the OIOS, Fatoumata, the Committee discussed the status of the implementation of the OIOS routine budget work plan in 2021 for the Internal Audit Division (IAD), Investigation Division (ID) and Inspection and Evaluation Division (IED).

In addition, there were also discussions on the 2023 routine budget proposal, capacity gap analysis in IAD, IED and ID, the development of information regarding recommendations implemented by the management, as well as the recommendations of the Joint Inspection Unit (JIU) related to the development of the new KPI methodology.

The meeting with the Director of BTAD DMSPC, Christophe Monier, discussed the 11th accountability progress report, namely strengthening the accountability of the UN Secretariat for monitoring the findings and recommendations of the oversight bodies. In this regard, the BTAD will include the monitoring into the management information dashboard on the status of the implementation of the oversight bodies' recommendations, so that the progress of initiatives and steps to improve the implementation can be reported.

Another thing that needs to be completed is the finalization of the IAAC report on the OIOS budget for peacekeeping missions by 2022. ●



USING CLOUD COMPUTING FOR SERVICE IMPROVEMENT

Using cloud provides potential budget savings and reduces maintenance efforts.

The Audit Board of the Republic of Indonesia (BPK) once again collaborates with the Australian National Audit Office (ANAO). This time, BPK has the opportunity to learn the ANAO's audit of the cloud computing infrastructure used by the Australian Government, including the scheme for using cloud computing in government agencies along with supporting regulations and standards that must be met by cloud computing providers for the government. It is expected will help BPK gain a more comprehensive understanding on the conduct of the audit in the future, for BPK has not yet had any experience in using cloud computing or conducting audits on cloud computing. The Information Technology Audit (IT Audit) Knowledge Transfer Session II Year 2022 was held virtually on Thursday, May 19, 2022.

The theme "Cloud Computing" is raised for the second out of four sessions planned as stipulated in the bilateral cooperation work plan related to the capacity building in information technology. The session aims to learn and share knowledge and experiences in the field of information technology, particularly in contemporary audit approaches related to the emerging and growing use of cloud

services as data storage by the entities. The session also discusses the approach adopted by the audit institution in auditing the services, including the risks being identified, main findings and recommendations given.

The discussion is moderated by the ANAO's Senior Advisor for BPK, Kristian Gage, with the opening remarks from BPK's Director of Information Technology Bureau, Pranoto, Director of Public Relations and International Cooperation Bureau, Selvia Vivi Devianti, and Senior Executive Director of System Assurance and Data Analysis Branch (SADA) ANAO, Lesa Craswell.

The resource person of this event is the Senior Director of SADA Group, Matthew Righter, then continued by Lesa Craswell. As the follow up of the discussion, the third session of the IT knowledge sharing will be held with the topic and time that will be further agreed upon by the two institutions.

In his presentation, Righter highlights several things, among others, the notion of cloud computing services/software, the government's various reasons for using these services, the risks faced by the government, policies for cloud computing audit, the control over cloud service providers, and a case study related to cloud computing audit.



Righter starts his presentation by explaining the definition of cloud computing/software services, which are currently increasingly used by the government in carrying out public service tasks. Nowadays, there is a shift from traditional data usage, processing and storage to cloud services, such as infrastructure as a service (IaaS), platform as a service (PaaS), and software as a service (SaaS), which provide much better convenience and effectiveness than the traditional way.

Ease of access

Matthew Righter also explains the reasons why the Australian Government chooses to move from traditional to cloud services. Such reasons include the ease of access to services. According to him, cloud services allow continuous development. It also provides potential budget savings and reduces maintenance efforts, provides more opportunity and time for entities to make improvements in services, increases the speed of service, and has the ability to maintain quality even when there is a power outage or other malfunctioned hardware affecting the system.

"For example, due to power outages or else, the cloud services can be a solution for small government entities having limited funds," he said.

He further explains about some risks emerged from the use of cloud and SaaS, such as loss of physical ownership, limited ability of entities to exercise control, sovereignty risk of data, loss of internal employees' skills and the ability for effective auditing, and the entity that may not feel responsible for the data.

Righter discusses the Australian government's framework, regulations and policies related

to cloud services. The Digital Transformation Agency, for instance, has issued secure cloud policy. The Australian Cyber Security Center (ACSC), on the other hand, has provided various instructions regarding cloud services to the public, the government's minimal control and policy making, i.e., the Protective Security Policy Framework (PSPF) Policy 7.

According to Righter, various recommendations for accounting treatment on cloud services have been set by the Australian Ministry of Finance with references from the International Financial Reporting Standards (IFRS). Apart from recommendation on accounting records, various technical instructions related to the cloud are explained, especially for the SaaS configuration or engineering. In financial audits, the ANAO relies on Australia Standard Auditing (ASA) 315 and 350. The standard requires auditors to have to understand and test relevant types of controls, especially those used to test the operational control environment of cloud service providers.

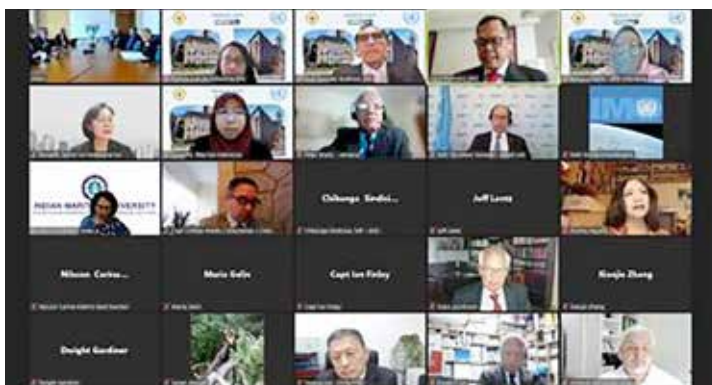
"Therefore, it is necessary to have a comprehensive understanding on the internal and operational control system," he added.

As for the performance audits, Righter says, the ANAO has conducted several performance audits related to cloud systems. Some of them are Unscheduled Taxation System Outages (February 20, 2018), Shared Service Center (November 9, 2016) and the performance audit of Cyber Resilience (June 28, 2018).

Righter also presents three case studies of cloud computing the ANAO has done, which involve the SADA team both in financial and performance audits. ●

BPK COMMUNICATES IMPORTANT ISSUES IN IMO AUDIT

Covid-19 pandemic not only impacts implementation of programs and activities globally, but also of WMU activities.



■ Agus Joko Pramono

The Audit Board of the Republic of Indonesia (BPK) attended the 40th Session of Board of Governors on Friday (6/5/2022) virtually. Its presence is to fulfill the invitation from Board of Governors World Maritime University (WMU) to BPK as the external auditor of International Maritime Organization (IMO).

WMU is an independent academic institution founded by IMO in 1983. The institution aims to provide training related to maritime management, education and administration, especially for developing countries.

BPK's presence to this meeting is in accordance to International Standards of Auditing (ISA) 260, which requires external auditor to communicate important issues found in the audit process to those charged with governance (TCWG), in this case WMU Board of Governors. BPK delegation was led by Vice Chairperson Agus Joko Pramono and Director of Public Relations and International Cooperation Selvia Vivi Devianti, Deputy Auditor in Charge R Yudi Ramdan Budiman, Audit

Supervisor Nanik Rahayu, Audit Team Leader Rika Susanti, and Head of Multilateral Subdivision Adinda Aan Fertina.

On this occasion, BPK Vice Chairperson conveyed the financial audit results of WMU FY 2021. He stated that Covid-19 not only impacts implementation of programs and activities globally, but also of WMU activities

He stated that although pandemic brings up many challenges in audit, BPK has developed and implemented alternative audit procedures to ensure the audit meets the high-quality standard requirements. The Vice Chairperson of BPK also conveys that WMU financial statements for 2021 fiscal year received an Unqualified Opinion (WTP). The financial statements have been presented fairly and in accordance with International Public Sector Accounting Standards as well as financial regulations and rules of WMU.

As part of the audit process, BPK also audits WMU's internal control system, which is mainly used to manage financial management and produce financial reports. From this audit, BPK provides several recommendations for improvement in four main areas: Information technology management, Previous audit findings, Policies and implementation of HR management, and Investment management. It was also noted that WMU has a high audit follow-up rate; since 2016, 91% recommendations have been completed.

In light of this, BPK hopes for the continuation of management support in following up audit recommendations from the WMU Board of Governors. Follow ups are important to measure the effectiveness of audit carried out, both by BPK as well as previous external auditors.

To respond, WMU Chancellor Kitack Lim, WMU President Dr Cleopatra Doumbia-Henry and WMU Board of Directors expressed their high appreciation for the audit conducted by BPK. Hopefully, recommendations given can be fully implemented by WMU in order to improve internal control quality, governance and practices implemented so far. ●

BPK DELIVERS THE IAEA AUDIT RESULTS

The IAEA FY 2021 financial report received an unqualified opinion (WTP) with several recommendations for improvement.



BPK attended the Program and Budget Committee (PBC) Meeting at the headquarters of the International Atomic Energy Agency (IAEA) in Vienna, Austria, on Monday (9/5/2022). In this meeting, BPK presented the results of BPK's audit of the IAEA in front of IAEA member countries.

BPK delegation who attended this meeting were the Chairperson of BPK, Isma Yatun, the person in charge of the audit Bahtiar Arif, Audit Supervisor, Cipto Nugroho, and the Head of the International Cooperation Division, Kusuma Ayu Rusnasanti.

In this meeting, Isma conveyed a statement regarding the audits carried out by BPK for the 2021 fiscal year (FY). This is the last year of BPK to audit the IAEA.

The final audit is the same as the previous audits, which include financial and performance audits of the IAEA. The financial audit is intended to obtain assurance that the IAEA's financial statements are free from misstatement and have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS). Meanwhile, the performance audit aims to assess the effectiveness of management in the IAEA.

The IAEA FY 2021 financial report received an unqualified opinion (WTP) with several recommendations for improvement. For the performance audit, the purpose of the 2021 performance audit is to assess the effectiveness of HR management, corporate knowledge management, and technical cooperation project management.

During 6 years of audit, BPK has made 123 recommendations. Based on these recommendations, BPK audit team always monitors the follow-up to the recommendations.

It was recorded that until the 2021 FY audit, 87% of the recommendations had been followed up by the IAEA. BPK appreciates the efforts made by the IAEA to achieve this achievement. It is hoped that the recommendations will become stimuli to improve the IAEA's internal control, accountability, and transparency.

At the end of her remarks, the Chairperson of BPK said goodbye to all member countries because the mandate to audit the IAEA FY 2021 has been completed and a new external auditor has been appointed, which is SAI of India. Furthermore, BPK would like to thank the IAEA management for the hard work and support that has been given to BPK audit team. In the future, BPK hopes to cooperate again with the IAEA. ●





BPK MEETS SAI INDIA, HANDING OVER IAEA'S AUDIT

BPK needs to discuss the information that needs to be delegated to SAI India as the next auditor.

The Chairperson of the Audit Board of the Republic of Indonesia (BPK) held a meeting with the Deputy Comptroller and Auditor General of India on Monday, May 9, 2022. It was carried out on the sidelines of the Program and Budget Committee (PBC) Meeting of the International Atomic Energy Agency (IAEA).

Chaired by BPK Chairperson Isma Yatun, the meeting discusses the handover of the assignment of the IAEA external auditor from BPK to SAI India. BPK Secretary General Bahtiar Arif, Technical Controller of the audit Cipto Nugroho, and Deputy Director of the International Cooperation Division Kusuma Ayu Rusnasanti.

On the other hand, SAI India is represented by Deputy Comptroller and Auditor General of India Raj Ganesh Viswanathan, Director General of International Relations Amitabh Prasad, and Science attache-India Permanent Representative in Vienna Mahesh Subramanian.

As part of the International Standards on Audit Practices, BPK tends to implement the INTOSAI GUID 5090 guidelines on the Acceptance of New External Audit Engagement-Hand-Over Arrangements. It is stated that the new auditor needs to set the handover agenda to exchange



information regarding the audit.

BPK needs to discuss the information that needs to be passed on to SAI India as the next auditor. In relation to the implementation of GUID 5090, BPK invites SAI India to hold an official handover and discuss more in detail on the technical aspects of the audit at a meeting to be conducted in Bali in August 2022 in conjunction with the G20 event.

At the end of the meeting, BPK Chairperson expresses her hope that SAI India could provide the best audit services to the IAEA for the Fiscal Year of 2022-2027, so that the IAEA can continue to improve the accountability and deliver its best performance, which will eventually increase the trust of all stakeholders. ●

AS GUEST SPEAKER, CHAIRPERSON OF BPK SHARES ABOUT SAI PMF

The purpose of this activity is to increase the understanding and awareness of the SAI community and multi-stakeholders regarding the Supreme Audit Institution Performance Measurement Framework (SAI PMF).

Chairperson of the Audit Board of the Republic of Indonesia (BPK), Isma Yatun, was a guest speaker at the IDI SAI PMF Webinar on Building SAI Capacity through SAI PMF on May 31, 2022. The activity was held virtually by the INTOSAI Development Initiative (IDI).

The purpose of the activity is to increase the understanding and awareness of the SAI community and multi-stakeholders regarding the Supreme Audit Institution Performance Measurement Framework (SAI PMF). Target participants include SAI leaders, donor agencies, and related international organizations.

The webinar was opened by Deputy Director General of IDI, Ola Hoem. In his remarks, Ola Hoem hoped that this activity could increase SAI's interest in using the SAI PMF for self-assessment of their organization. The webinar session also explained about SAI PMF by the IDI team, Brighton Nyanga, Nila Eka Putri and Nino Tsintsadze.

It was explained that the SAI PMF is a framework for evaluating the performance of SAI that is holistic and based on supporting evidence. Therefore, SAI PMF is an important assessment tool in identifying strengths and areas of improvement within an organization. It also explains the process and approach in using the SAI PMF and the utilization of the assessment results for the SAI.

The activity then continued with an experience sharing session represented by the



SAI PMF is an important assessment tool in identifying strengths and areas of improvement within an organization.



■ Isma Yatun

Chairperson of BPK, and donor organizations by Natalie Bertsch from SECO. BPK was invited as a guest speaker because of its experience and success in implementing the SAI PMF in its performance assessment.

On this occasion, Isma Yatun explained about the organization and governance of the institution to provide an understanding about BPK. This includes how BPK recognizes and learns about SAI PMF.

In this experience sharing session, the Chairperson of BPK also explained how the implementation of SAI PMF used two approaches. Namely, through a self-assessment approach to identify BPK's strengths, weaknesses, and capacity building needs. Then a peer-review approach to ensure the results of the self-assessment. BPK also considers that the SAI PMF can be a useful tool in formulating strategic plans.

Isma Yatun also conveyed the factors that support the successful implementation of SAI PMF at BPK. These include commitment and support from the Board and management, active participation and effective communication. Then the availability and ease of data access, team competence, and support from IDI and other stakeholders. ●

ANAO VISITS BPK REGIONAL OFFICE IN WEST KALIMANTAN

Kristian Gage explains the implementation of flexible working in Australia to BPK officials.

The Australian National Audit Office (ANAO) shares knowledge and experiences in strategic audit planning and risk identification, especially those having significant impacts on the audit of financial statements.

As an implementation of cooperation between BPK and ANAO, the activity is presented in a form of Knowledge Transfer Forum (KTF) on Financial Audit entitled Strategic Audit Planning and Risk Identification for Financial Audit Planning. It takes place at the Auditorium of the BPK Regional Office in West Kalimantan Province in Pontianak, some time ago.

Specifically, the purpose of the activity is to share ANAO's knowledge and experiences to increase capacity and competence of BPK's auditors in West Kalimantan Regional Office. The ANAO's Senior Advisor for BPK, Kristian

Gage, and BPK's Deputy Director of Research and Development of Financial Audit, Tri Joko Prakoso, are present as the resource persons.

The Head of BPK Regional Office in West Kalimantan, Rahmadi, opens the KTF, which is attended by 60 participants comprising of auditors and other employees of the Regional Office.

Kristian Gage takes the opportunity to share his experiences in the implementation of flexible working arrangements in Australia and ANAO and discuss the obstacles, challenges and impact on the organization.

It is the first KTF carried out physically at the BPK Regional Office since the emerge of the Covid-19 pandemic. Similar activities will later be conducted in several other Regional Offices. It is expected that the BPK's employees will gain as much lessons related to the flexible working arrangements implemented in ANAO and be able to adapt them in BPK as needed. ●





SOUTH KALIMANTAN REGIONAL OFFICE LEARNS ABOUT PROFESSIONAL SKEPTICISM

Professional skepticism is regulated in general standards.

Employees of the Audit Board of the Republic of Indonesia (BPK) Regional Office of South Kalimantan Province (Kalsel) have the opportunity to learn more about professional skepticism. This was manifested in the "Knowledge Transfer Forum (KTF) on Financial Audit: Application of Professional Skepticism" which was held recently.

The activity which was carried out at BPK Regional Office of South Kalimantan Province in Banjarbaru was a series of activities from the bilateral cooperation between BPK and the Australian National Audit Office (ANAO) in the field of financial audits. The aim is to broaden the perspective and capabilities of regional office auditors related to financial audits.

Acting as resource person in KTF activities at BPK Regional Office for South Kalimantan Province was ANAO's Senior Advisor for BPK, Kristian Gage and Basiswanto Wiratama, from the Sub-Directorate of Financial Audit Research and Development.

The event which was attended by 105 participants, was opened by the Head of the BPK Regional Office for South Kalimantan Province, M. Ali Asyhar. The participants consisted of auditors, junior employees, and employees of other work units in regional offices. Ali Asyhar warmly welcomed Kristian Gage and thanked him for his willingness to visit Banjarbaru.

In the first presentation, Basiswanto con-

veyed about the regulation of professional skepticism in the SPKN. In his presentation, Basiswanto said that professional skepticism is regulated in general standards.

This suggests that professional skepticism should be applied in all stages of the audit. Because general standards are the main basis for implementation and reporting standards.

Furthermore, Kristian Gage shared his experience and knowledge regarding the application of professional skepticism at ANAO. He also explained how to practice professional skepticism in audits starting from planning to evaluation.

On that occasion, Kristian Gage also took advantage of an additional session to be able to share experiences regarding the implementation of flexible working arrangements in Australia and ANAO. He explained about the constraints, challenges, and their impact on the organization. ●



CONDUCTED IN PERSON, ANAO DISCUSSES CORPU, QA REVIEW AND GENDER POLICY

The ANAO delegates also participate in an office tour to see all learning facilities and infrastructures at the BPK Training Institute.



The Audit Board of the Republic of Indonesia (BPK) and the Australian National Audit Office (ANAO) once again hold a bilateral seminar conducted in person in Jakarta, from June 23 to 24, 2022. This was the first face-to-face meeting after two years of holding virtual meetings due to the Covid-19 pandemic.

On the occasion, Group Executive Director - Professional Services and Relationships Group of ANAO, Jane Meade, discusses about various matters including those related with Corporate University, quality assurance review and gender policy.

On the first day of the visit, Thursday, June 23, 2022, Jane Meade, accompanied by ANAO's Senior Advisor for BPK Kristian Gage, holds a meeting with the BPK Training Institute of State Financial Audit to learn about the BPK Corporate University (CorpU). The ANAO delegates is welcomed by Acting Director General of the

BPK Training Institute Dwi Setiawan Susanto and Director of the Training Planning and Implementation Juska Meidy Enyke Sjam.

In his presentation, Dwi Setiawan explains about development and changes in the Training Institute. According to him, it has transformed from a place for employees' education and training in 1996 to an Excellence Learning Center (ELC) in 2015, and a Corporate University in 2021.

"The BPK CorpU is built not only as a learning strategy, but also as an organizational culture directed to unite the process of working, learning and sharing," he said.

The ANAO delegates also has an office tour to see all facilities and infrastructure at the Training Institute. Jane Meade admits that she is impressed with the complete facilities of the academic rooms and other supporting facilities such as sports and recreational facilities.

"The BPK Training Institute is really like a university that has all the facilities needed to make anyone who studies feel comfortable," she said.

On June 24, 2022, the bilateral meeting is continued at the BPK Head Office with two discussion sessions. The morning session themed "Quality Assurance Review on Financial Audit Report of the International Atomic Energy Agency (IAEA)" is conducted together with the BPK Inspectorate General Review Team. In the afternoon, a discussion on "Gender Policy-Women in Leadership" is held with officials and other related employees of the BPK Human Resource Bureau.

The quality assurance review meeting is led by Inspector General I Nyoman Wara, accompanied by Deputy Director I of the Audit Quality Assurance (PKMP) Sub Inspectorate Satrio Hadi Nugroho, Associate Expert Auditor of the Directorate General of Audit III Siti Zubaidah as the Technical Controller of the IAEA Financial Audit Review Team and the Review Team Leader Hendri Syukri.

In his remarks, Nyoman Wara expresses his appreciation to ANAO for its willingness to be a partner that consistently and continuously provides supports, especially in improving the quality assurance of BPK's audit reports. It is also in line with the BPK Secretary General's request to ensure that the IAEA financial audits for the 2015-2021 periods have been in accordance with applicable international standards.

"In addition, it is expected that lessons learned during the audit process can be used as the handover material to the next IAEA external auditor, the SAI of India," Nyoman Wara said.

He also expects that ANAO can provide inputs pertaining the review of the IAEA audits in order to provide an adequate assurance as a form of the accountability as the IAEA external auditor for six years in a row.

Jane Meade highly appreciates BPK, especially the review team, who has shared experiences and knowledge, considering that ANAO has never had the experience yet. Even so, she said, in reviewing the audit process, ANAO also uses international audit standards. ANAO uses the same international accounting standards adopted by various international institutions, including the international organizations under the United Nations that refer to ISSAI 140 regarding quality control of SAIs. She provides explanations of the practices carried out at ANAO regarding the assessment of elements of leadership responsibility for audit quality at various levels and the levels of responsibility, including the linking to the individual performance. The complete QA results are



then published transparently on the ANAO website accessible to the public.

In the afternoon meeting, the topic of "Gender Policy-Women in Leadership" is discussed, involving officials of BPK's Human Resources Bureau and participants of the "Inclusive and Transformative Leadership" training and the "Women in Leadership Mentoring" mentees.

The Deputy Director of the Functional Positions, Telviani Savitri, discusses about policies related to gender applicable in BPK. She explains about the composition of BPK employees, which is quite balanced between men and women, both in terms of number, position (auditor and non-auditor), educational and position levels.

Nevertheless, she mentions that a fairly large gap can be seen from the composition of the managerial (structural) level. The implementation of the gender policy in BPK is carried out based on government regulations and BPK's internal policies.

"In general, BPK's gender policy puts forward the principle of a merit system, accommodating persons with disabilities and optimizing an effective human resource management," she said.

On the occasion, Jane Meade shares her experience in implementing gender policy in her institution, mentioning several ways ANAO implements its gender policy.

First, through the Diversity Contact Officer Committee. These are employees having been trained to assist other employees in work-related matters such as discrimination and harassment, and provide input to ANAO regarding gender policy and services. Second, through the existence of the Diversity and Inclusion Strategy 2021-2023. Third, through the implementation of the Employee Assistance Program (EAP), a counseling services for employees and their families.

"The positive impacts of gender equality in the workplace include a more respectful and safer work environment, increasing employees' engagement and welfare, as well as increasing innovation and productivity," she said. ●



SAI20

INDONESIA

2022 SUPREME AUDIT INSTITUTION



G20

INDONESIA

2022

**RECOVER TOGETHER
RECOVER STRONGER**

SAI20 IS THE KEY PARTNER OF G20 TO STRENGTHEN ACCOUNTABILITY

The spirit of the G20 countries in minimizing the impact of the crisis must also be supported by the principles of good governance.



■ Isma Yatun

The Audit Board of the Republic of Indonesia conducts the SAI20 Senior Officials Meeting (SOM) on June 20-21, 2022 in Labuan Bajo, East Nusa Tenggara Province. It is the sequence of the SAI20 Technical Meeting held in January 2022 and part of a series of activities to support the 2022 G20 Presidency.

In the opening of the activity, the Chairperson of BPK Isma Yatun says that she felt the enthusiasm of the participants in the previous meetings, especially regarding priority issues needed to be raised by the SAI20.

According to her, it reflects the commitment and high interest of the SAI20 mem-

bers in collaboration, contribution, efforts to accelerate the post-Covid-19 economic recovery and in accelerating the achievement of the SDGs.

"The results of the seminar and the two-day SAI20 Senior Officials Meeting will prove important for the preparation of our SAI20 communique," she said, adding that the governments of G20 member states build a collective and collaborative spirit to minimize the impact of multiple crises. Therefore, this spirit must also be supported by the principles of good governance. SAI20 can be a valuable partner for G20 governments in enhancing accountability.

To achieve post-Covid-19 recovery efforts, SAIs with their respective mandates have developed strategies and

demonstrated innovations in times of crisis. The SAI is also an integral component for optimizing better public financial management in relation to the adoption of a universal and inclusive “One Health” approach.

In line with the theme “Recover Together, Recover Stronger”, the G20 needs to increase resilience and financial stability, as well as ensure sustainable and inclusive growth. At the same time, G20 members are obliged to maintain global financial stability due to climate change. One way is to plan the green or sustainable economic development.

Digital transformation, the Chairperson says, is also another challenge that creates vulnerabilities and gaps, especially in terms of digital infrastructure and connectivity around the world.

To that end, the G20 must act as a catalyst to emphasize the importance of safe and sustainable digital transformation, particularly in the financial sector. To support this initiative, SAIs need to direct audits to areas related to digital financial transformation.

“SAI20 must also consistently explore opportunities for inclusivity and collaboration to support resilient governance and achieve the 2030 agenda,” she said.

The BPK Chairperson says that SAIs

also need to intensively hold international dialogue and cooperation to produce the best method to solve the current problems. “Inspired by the stunning scenery of Labuan Bajo, the idea of “Recover Together, Recover Stronger” must be translated by the SAI20 into collaborative action. The SAI20 should promote the strategic role and key function of maintaining accountability in G20 governance. This initiative is part of a shared commitment to make a difference in the lives of citizens,” she said.

She further expects that the SAI20 Senior Officials Meeting can ratify the rules that have been discussed at the technical meeting in early January. The meeting becomes the basis for further developments of two priority issues in order to draft the SAI20 communique proposal. “We intend to bring the draft of the SAI20 communique to the SAI20 summit in August.”

The SAI20 SOM is attended by 12 SAIs, 6 SAIs of which are present in Labuan Bajo. These include SAI Australia, Brazil, India, Indonesia, Russia and Saudi Arabia. The 6 other SAIs are present virtually, including SAI Argentina, China, Korea, Mexico, South Africa and Turkey. The SOM aims to agree upon the Rules of Procedures of the SAI20 and discuss the draft communique, which will both be ratified at the SAI20 Summit on August 29-30, 2022. ●



■ SAI20 SOM participants.

SAI 20 SENIOR OFFICIALS MEETING PRODUCES DRAFT COMMUNIQUÉ

The meeting concluded that there must be development of an audit strategy in times of crisis, while at the same time the government is obliged to prepare efforts for rapid economic recovery.



■ Isma Yatun

Chairperson of the Audit Board of the Republic of Indonesia, Isma Yatun, officially closed the SAI20 Senior Officials Meeting (SOM) on June 20-21, 2022 in Labuan Bajo, West Nusa Tenggara. Isma Yatun said that the two-day event resulted in a decision to support the SAI20 rules of procedures and prepare a draft communique.

"The active participation of the SAI20 SOM participants and the passion towards cooperation and consensus has marked another milestone in the SAI20 community," she said.

She said the rules of procedure for SAI20 would be the basis for communication to all members. Thus, in the future coordination and cooperation can be easier and better to achieve common goals. SAI20 also demonstrated its role in assessing the effectiveness of G20 programs and policies, particularly in two priority issues, namely

economic recovery and supporting sustainable development. "The process of perfecting the draft will continue after the SOM through discussions between members," she said.

Accelerating economic recovery is urgent, as well as to refocus on the SDGs. Acceleration is important to compensate for opportunities lost in the last two and a half years due to the Covid-19 pandemic.

This is also in accordance with INTOSAI's mandate that every element in society must take part and try to overcome the economic downturn due to the Covid-19 pandemic.

She added that the meeting concluded that

there must be development of an audit strategy in times of crisis, while at the same time the government must prepare efforts for rapid economic recovery. In addition, encourage the achievement of the 2030 Global Health Architecture, the achievement of a green economy, and digital transformation. Furthermore, the meeting also concludes that audit institutions are responsible for ensuring that G20 governments pay attention to a culture of accountability and transparency. Especially for all efforts to make government policies and

expenditures. Third, audit institutions around the world are obliged to strengthen inclusiveness and synergy between audit institutions of G20 members and non-G20 countries.

The Chairperson of BPK added that the draft communique discussed in this SAI20 SOM would be further considered and brought to the G20 Leaders Summit. "The establishment of the SAI20 is the first small step to achieve greater impact from the involvement of audit institutions in the G20," she said. ●

The active participation of the SAI20 SOM participants and the passion towards cooperation and consensus has marked another milestone in the SAI20 community.



GOVERNANCE AND ACCOUNTABILITY ARE NON-NEGOTIABLE

Indonesia uses fiscal more actively and strategically to recover from the impact of the Covid-19 pandemic.



■ Sri Mulyani

Minister of Finance Sri Mulyani emphasizes that the role of the Supreme Audit Institution (SAI) like the Audit Board of the Republic of Indonesia (BPK) is very important to oversee the government in times of crisis. She states that economic and health recovery programs should not ignore the principles of good governance and accountability.

The Minister emphasizes it when attending the Supreme Audit Institution 20 (SAI20) Senior Officials Meeting (SOM) held from June 20 to 21, 2022 in Labuan Bajo, East Nusa Tenggara Province. The activity is a continuation of the SAI20 Technical Meeting held in January 2022 and part of a series of activities to support the 2022 G20 Presidency.

At the opening of the event, Sri Mulyani expresses her highest appreciation to BPK for its efforts in initiating the SAI20 forum to accommodate the need for transparency and accountability, as being the center for mutually beneficial SAI cooperation for all G20 Member Countries.



The emergency law was created to provide strong and definite guidelines for us to design policies to respond to the pandemic and to recover. This emergency law creates an environment enabling us to use fiscal tool, that is, our budget, to respond to the ongoing, uncertain pandemic, due to the mutation of virus and the need to protect the public and restore the economic.



Sri Mulyani says that in accordance with the theme "The Supreme Audit Institution's Contribution to the Acceleration of Global Economic Recovery and the SDGs Agenda 2030", all countries including G20 members are currently recovering from the Covid-19 pandemic for the last two years. During these two years, the pandemic has significantly impacted the economic, health and social aspects of the community.

Particularly in Indonesia, the number of cases have been decreasing consistently. According to the Minister of Finance, Indonesia has a very strong opportunity for the economic recovery. Consumption and production begin to run as usual.

Indonesia's recovery is still on a very strong track with growth in the first quarter of 2022 is at 5.01 percent. It is due to the recovery in consumption, increased investment and export funds.

The recovery is also accompanied by an increase in employment and a reduction in poverty. "We have created 515 million jobs by February 2022, which then lowers the unemployment rate," she said, mentioning that Indonesia is using fiscal more actively and strategically.

In 2020, when the national income fell by more than 18 percent while spending had to increase due to health, social and economic problems, Indonesia experienced a deficit of over 3 percent. The pressure was so strong that Indonesia issued a special or emergency law.

"The emergency law was created to provide strong and definite guidelines for us to design policies to respond to the pandemic and to recover. This emergency law creates an environment enabling us to use fiscal tool, that is, our budget, to respond to the ongoing, uncertain pandemic, due to the mutation of virus and the need to protect the public and restore the economic," she said.

The law allows a deficit of more than 3 percent for only three years. This new regulation also encourages the government to be more discipline, as the country will face other challenges after the pandemic, i.e., the global economic volatility due to inflation and tightening monetary policy.

Since 2016, one of the OECD Forums and the SAI Community Studies have agreed on the need for a more valuable contribution to the cycles of policies, processes and good governance.

Even in this very difficult pandemic emergency situation, countries may compromise and sacrifice good governance and accountability. "The role of BPK is very important in providing assurance through strengthening supervision, developing insight, and providing strategic foresight," she said.

In addition, the recommendations provided by BPK regarding program implementation are very valuable inputs for the government to be utilized in policy making and operational improvements. "Especially in terms of planning, budgeting and accountability."

The Minister of Finance emphasizes, BPK has provided certainty regarding governance, risk and control (GRC), especially in handling the highly uncertain Covid-19 pandemic and the national economic recovery program.

"This extraordinary condition must not sacrifice good governance, transparency and accountability," she said.

Therefore, the Minister says, the role of an SAI is very important. In Indonesia, BPK has conducted various studies or reviews over several governmental programs designed to meet the community's basic needs related to health and social protection as well as the very important issue of asymmetric decentralization.

The opinion and results of BPK's studies have been very seriously taken into consideration by the government in order to formulate and refine policies related especially to social protection and decentralization, bringing about effective results and increased number of targeted beneficiaries.

The BPK has also performed a very difficult task in providing insights to other SAIs. An SAI is expected to conduct studies on areas related to the handling of Covid-19 and the economic recovery program not all countries ready to deal with due to the extraordinary challenges.

"The SAI is also expected to be able to

carry out the function of foresight additional to its insight function, requiring the ability to forecast future trends and risks that may arise. It is certainly not an easy task because of the uncertainty and volatility we are facing right now," she said.

According to her, the world will continue presenting challenging and dynamic situation.

The SAI is expected to provide inputs to the government pertaining alternative policy options to formulate a better policy.

Synergy and collaboration among institutions is also important to improve the performance of the public policies, especially in a very critical and challenging time. In this regard, the SAI provides inputs by identifying the long-term impact of the currently issued policies. By doing this, BPK can assure the government to consider long-term instead of short-term perspective in formulating policies and strategies.

The implementation of BPK's oversight, insight and foresight functions is expected to have a much better impact on policy making and government performance.

"We hope that the SAI can also provide an objective assessment of the implementation of policies and recommendations for improvement. Moreover, the world will face many uncertainties and surprises, including climate change and, of course, the pandemic and subsequent geopolitical situation," she said.

The Minister says that there are many shocks now faced by countries in the world. The 2030 agenda of sustainable development goals has been experiencing setbacks caused by the pandemic, high inflation, tightening monetary and macro policies.

She mentions that the SAI has provided an excellent risk assessment and analysis related to the SDGs. BPK has also encouraged accountability, transparency and justice in the state business processes in line with good governance approach as the main task of the SAI.

"With much less time remaining, it is very important for all of us to continue to collaborate and synergize, so that we can achieve sustainable development goals," she said.

In international forums such as the G20, Indonesia provides an opportunity to discuss how each country can achieve sustainable development goals based on the spirit of cooperation, collaboration and consensus. The SAI's insight and its rigid oversight can definitely make a significant contribution to the G20 and the global community in achieving sustainable development goals and navigating a very difficult and challenging economic recovery and the scarring effects of the pandemic, while navigating with new digital technology that has become the platform for almost all activities.

The Minister says that the maturity level of an SAI in each of the G20 Member

Countries is different. Therefore, it is necessary to develop a platform to strengthen the role of SAIs as a partner of the G20 Member Countries to respond to global issues.

The role is not only as an auditor, but a partner in dealing with global issues and challenging environment. The SAI20 can help develop ideas and share best practices on how audit institutions can address emergency response and recovery process by emphasizing effective collaboration among the SAI, the government and other stakeholders. ●



The opinion and results of BPK's studies have been very seriously taken into consideration by the government in order to formulate and refine policies related especially to social protection and decentralization, bringing about effective results and increased number of targeted beneficiaries.



URGENCY AND OBJECTIVES OF ESTABLISHING SAI20

The initiative to form a new engagement group within the framework of the G20 is the SAIs' participation, especially in overcoming various global challenges to recover from the crisis caused by the Covid-19 pandemic.

Taking advantage of the momentum of the 2022 G20 Indonesia Presidency, the Audit Board of the Republic of Indonesia (BPK) initiates the formation of the Supreme Audit Institution 20 (SAI20). This initiative focuses on efforts to create good and accountable governance through increasing the role of SAI as a strategic partner of the government.

The initiative to form a new engagement group within the framework of the G20 is the SAIs' participation, especially in overcoming various global challenges to recover from the crisis caused by the Covid-19 pandemic. It is also a form of commitment to support the government in building resilience and sustainability as well as efforts to accelerate the achievement of the SDGs targets.

The expected output and key deliverables from the SAI20 are in the form of communiqué to the leaders of the G20 member states. The contents are recommendations on efforts to accelerate global economic recovery in post-Covid-19 and accelerate the achievement of the 2030 SDGs Agenda.

In producing communiqué addressing these priority issues, the SAI20 plans several meeting agendas during the one-year period of the Indonesia G20 Presidency, starting from the Technical Meeting, Senior Officials Meeting and Summit.

What are the urgency and objectives of establishing the SAI20? They are as follows:



#The Urgency of Establishing SAI20

The Supreme Audit Institution 20 (SAI20) is an engagement group consisting of SAIs of G20 member states. This forum focuses on efforts to encourage the creation of good and accountable governance through increasing the role of SAIs as a strategic partner of the government.

● As a Legacy of the Nation

The initiative to establish an engagement group within the framework of the G20 is the prerogative of (or completely dependent on) the state holding the G20 Presidency. The momentum of Indonesia G20 Presidency 2022 is a rare opportunity that does not always exist at least once in every 20 years. Since the G20 forum was formed in 1999, Indonesia will be listed as the host country that initiates the establishment of the SAI20.

● The G20 is a Strategic Forum

The G20 is a forum for developed and developing countries with the largest economies. This forum repre-



In producing communiqué addressing these priority issues, the SAI20 plans several meeting agendas during the one-year period of the Indonesia G20 Presidency.



sents 85% of the world's GDP, 80% of world investments, 75% of international trades and 2/3 of the world's population. It means that every decision and policy taken by the G20 leaders will have a significant impact to the world. In this regard, the SAI20 has the opportunity to influence the decisions of the G20 leaders to take better policies.

● **The World Now is not Fine**

Governments in various countries are trying to rise and recover from the multidimensional crisis caused by the Covid-19 pandemic. Handling the impact of the pandemic has costed the public budget a fantastic amount. The role of an SAI as a strategic partner of the government, among others, is to ensure that the use of these funds provides the greatest difference and benefit to the lives of citizens.

It is in accordance with the INTOSAI P12: The Value and Benefits of Supreme Audit Institutions – making a difference to the lives of

the citizens. The SAI20 also calls for the importance of every country to be prepared to face crises in the future by ensuring the governance resilience and business sustainability, as well as emphasizing the principles of inclusiveness and multi-stakeholder collaboration.

In addition, since 2015, the whole world has struggled to achieve the Sustainable Development Goals (SDGs) and realize the 2030 Agenda. The diverted government focus and resources to deal with the impact of the pandemic poses the risk of losing momentum and progress on the achievements of the SDGs. As a strategic partner, the SAI plays a role in encouraging, guarding and reminding the government to be back on track in achieving the 2030 Agenda 2030.

#Objectives of Establishing the SAI20

The SAI20 is an informal forum, of which the chairmanship system will change according to the mechanism for changing the G20 Presidency. SAI20 is formed as a platform for the meeting of SAIs of G20 member states. The objectives of its establishment are:

● **Contributing to G20 Leaders**

The SAI20 contributes to the G20 leaders in the areas of transparency, accountability and good governance.

● **Knowledge Sharing Forum**

The SAI20 is an opportunity to share knowledge, experience and best practices among SAIs of G20 member states, especially in handling the pandemic, economic recovery and achieving the SDGs.

● **Multistakeholder Collaboration**

The SAI20 builds global partnerships with multiple stakeholders in the G20 ecosystem and community. ●



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

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The document shall be sent to:

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

**NADIEM ANWAR MAKARIM,
MINISTER OF EDUCATION, CULTURE, RESEARCH, AND TECHNOLOGY
(MENDIKBUDRISTEK)**

THE WORLD OF EDUCATION EQUALIZE GENDER

Minister of Education, Culture, Research and Technology (Mendikbudristek), Nadiem A Makarim, stated that the government provides equal access to women and men to study. The Ministry of Education, Culture, Research, and Technology (Kemendikbudristek) has also implemented a number of programs to ensure that women can get quality education and that there is no gap between men and women. To *Warta Pemeriksa*, Mendikbudristek explained a number of programs run by the Kemendikbudristek related to women's education as well as solutions to various obstacles that women usually face in the world of education. The following are the excerpts of the interview with the Mendikbudristek.

How do you view the issue of women and gender equality in the education sector today?

Currently, it can be said that the government has succeeded in providing equal access to women and men to education, even to higher education levels. However, one thing to remember is that we are not only talking about enrollment rates, but also the quality of the education our students receive.

Women in general are still vulnerable to violence in the educational environment. This challenge is currently one of our main focuses at Kemendikbudristek, how to make schools and campuses become the safe and comfortable learning spaces for all students, especially for female students.



■ **Nadiem A Makarim**

kemdikbud.go.id



There is no significant disparity in the education participation rate between women and men at all levels of education.

What is the Ministry's data regarding women's education at each level? How is it compared to men?

According to the Data on Basic Education, currently, in general, there is no significant disparity in the education participation rate between women and men at all levels of education. This is certainly a good thing and needs to be used as a provision to further strengthen inclusiveness in the educational environment, not only in terms of gender, but also in other aspects such as religious and cultural background.

What is the Ministry's record regarding violence in educational institutions, especially against women?

Since 2020, we have continued to prioritize efforts to eliminate the three major sins of education which include intolerance, bullying, and sexual violence. The three sins are rooted in violence that arises because of the inability to appreciate and love differences. This is our response to cases of violence that still often occur in the educational environment. For bullying cases, 2 out of 3 children aged 13–17 years have experienced at least 1 type of violence, of which 3 out of 4 children have experienced violence from their own friends.

Meanwhile, for cases of sexual violence, during the 2015–2021 period, it was noted that sexual violence occurred at all levels of education with the most incidents occurred on campus. Based on the results of a survey we conducted in 2020, 77 percent of lecturers stated that there had been sexual violence on campus, where 63 percent of them decided not to report it for various reasons. This figure does not include unreported cases. This underscores the urgency to develop the appropriate and strategic policies and approaches to eradicate them.

What are the Kemendikbudristek programs to ensure that women can get an education without experiencing acts of violence?



The mindset that still places women in the second position or that women do not need to go to high school is one big obstacle that we are still facing today. This is one of the causes of the frequent occurrence of violence against women in the educational environment.

By prioritizing character development education and eradicating the three great sins of education, we launched a number of policies and programs aimed at making schools a safe and comfortable learning environment for all, especially for female students. We have ratified Mendikbud Regulation (Permendikbud) No. 82 of 2015 concerning the Prevention and Overcoming of Violence in the Educational Environment as a legal basis at the school level. We are currently revising the regulation to address the current challenges. We have also taken a bold step by ratifying Permendikbudristek No. 30 of 2021 concerning the Prevention and Handling of Sexual Violence in Higher Educational Environments which prioritizes the restoration of the rights of victims of sexual violence. With the enactment of this regulation, more and more students are brave enough to report the violence they have experienced, so that the perpetrators can be prosecuted and get the consequences commensurate with their actions.

What do you think are the obstacles and challenges faced by women in getting an education?

The mindset that still places women in the second position or that women do not need to go to high school is one big obstacle that we are still facing today. This is one of the causes of the frequent occurrence of violence against women in the educational environment.

What solutions did the Ministry take to address this? In addition to the two regulations I mentioned earlier, the Kemendikbudristek through the Character Development Center continues to campaign for national values and Pancasila, including tolerance and equality, as well as the importance of creating a safe and comfortable educational environment for all. We carry out these campaigns through the creation of social media content and the implementation of public activities involving experts and influencers. We chose this strategy as an effort to increase understanding related to violence issues and invite the participation of the younger generation in creating a violence-free environment.

How do you view the Sexual Violence Crime (TPKS) Law which has recently been passed by the DPR in relation to violence against women in educational institutions?

We at the Ministry of Education and Culture welcome the presence of Law no. 12 of 2022 concerning the Sexual Violence Crime (TPKS), which aims to prevent all forms of sexual violence; handle, protect, and heal victims; carry out law enforcement and rehabilitate perpetrators; a non-sexual violence environment; and ensure the non-repetition of sexual violence. The presence of two regulations, namely the TPKS Law and Permendikbudristek No. 30 of 2021 is good catalyst in reforming the prevention and handling of sexual violence cases in Indonesia. However, in order to achieve this goal, collaboration and mutual assistance from all parties are needed so that sexual violence in Indonesia can be prevented and handled properly with the principle of justice for victims.

Can this law provide the protection needed by women? Or is there something else that has not been included in this law?

Although women in general are still a vulnerable group to be victims, in fact, sexual

violence can also be experienced by men. This is something that is often overlooked and gets less attention. In this case, the TPKS Law acts as a macro regulation that can be used as a reference by other institutions in creating an environment that is free from sexual violence. As Permendikbudristek No. 30 of 2021 applies to higher scope of education, the regulations we issue are complementary to the TPKS Law.

What are your hopes regarding women in Indonesia in the future?

Women have and continue to play a very important and large role in the development of the nation and state. Unfortunately, this role is often undermined in history, and women are still often treated unequally to men, one of which is in the educational environment. I hope that with efforts to eliminate any forms of violence in schools and campuses, as well as in Indonesian society in general, the rights of all women in Indonesia to a quality education can be fulfilled.

BPK is currently chaired by a woman and this is the first time in history. How do you see that?

We at Kemendikbudristek are currently led by many women, ranging from the Secretary General, Inspector General, to Echelon 2 officials. In my opinion, this is a form of recognition and appreciation for women's abilities as leaders, because so far, many women have not had the opportunity to develop and apply their abilities as leaders because of gender inequality. I believe that by providing opportunities for women to lead BPK, many positive changes will occur, as in the case of Kemendikbudristek at the moment.

Is there a message that you would like to convey to women throughout Indonesia?

For all women in Indonesia, keep the spirit to pursue your dreams and contribute to others, by being yourself. ●

FIENTJE MARITJE SUEBU, AMBASSADOR OF THE REPUBLIC OF INDONESIA TO NEW ZEALAND

INDONESIAN WOMEN CAN CONTINUE TO ADVANCE AND EMPOWER

Fientje Maritje Suebu, a Papua native, is the first female Ambassador Extraordinary and Plenipotentiary of the Republic of Indonesia to New Zealand, accredited to Samoa, the Kingdom of Tonga, the Cook Islands and Niue, with an inspiring story to get to her current position. As the daughter of a tribe leader in Papua, Fientje strived to break down all barriers by prioritizing hard work. To *Warta Pemeriksa*, she shared a message of moving forward to all women. This is the excerpt of the interview.

How did you finally become the Ambassador of the Republic of Indonesia to New Zealand?

My career journey as a civil servant diplomat began when I joined the Ministry of Foreign Affairs (MoFA) in 1986. During the 36 years working as a diplomat, in addition to serving in a number of units within the MoFA, I also had opportunities to be assigned to several countries, such as Zimbabwe, Belgium, India, Canada, and now New Zealand.

Before assigned to New Zealand, my last post was in the Indonesian Embassy in New Delhi, India. In 2018, I came back a second time as the Deputy Ambassador of Indonesia to India. Then, on 12 January 2022, I was appointed by President Joko Widodo as the Ambassador Extraordinary and Plenipotentiary to New Zealand, accredited to Samoa, the Kingdom of Tonga, the Cook Islands and Niue.

You are the first female and native Papua to become an ambassador to neighbor country. How do you see that achievement?

Of course I feel blessed and beyond happy for this appointment. I am also proud to be able to achieve this position, a position most diplomats dream of. Reaching the pinnacle of the diplomatic career is an honor for me.

With a background from Papua and a female, how did you face challenges to reach your current position?

The most apparent challenge is the general stereotypes towards indigenous Papuans. The

second challenge is family time, because diplomats work almost around the clock.

To deal with these challenges, we have to show that a person is not judged by their appearance or on the socio-economic condition of their origin. I always try to give my best, to work according to the rules, and to get the job done to the best of my ability.

When it comes to my family, I try to balance work and life by taking time off to travel with my family. During my deployment in Belgium and Canada, we took road trips to several neighboring countries. On weekends or holidays, we also try to have family gatherings.

Who is the most influential person to your achievement so far?

It would be my family, especially my parents. Raised in the family of Ondoafi (tribe leader), I am the daughter of the Ondoafi, and it is very thick with patriarchic traditions. However, my father believed that education is very important. He encouraged the society and his children to study continuously. He taught us since early on how to work hard. I think that left an impact to continuously work hard and as best as we can. After having my own family, the full support from my husband and children is also an effective boost for me.

Looking at Indonesian women recently, do you think Kartini's dream has been well achieved in our country?

I think we can already feel that Kartini's dream is gradually manifesting to life. Her



■ Fientje Maritje Suebu

kemlu.go.id

endeavor is all about women empowerment, women getting equal opportunities compared to men. And I think the current condition in Indonesia is quite supportive to that dream.

Of course, we still have a lot of homework to ensure that women empowerment and equal opportunities continue to be adhered to. We must continue fighting for women's right and access to equal education.

What is the biggest challenge Indonesian women face today?

As we can see, the world has become more modernized, various changes occur, and more and more women are occupying strategic positions. However, amidst all these great development, we cannot deny that in various aspects of life, women still experience gender injustice. Women are often still at a disadvantage when compared to men. The solution, in my opinion, is communication. Communication with various parties and components of the nation.

Recently, DPR has passed the Sexual Violence Law (UU TPKS). What do you think about this law?

This is a remarkable achievement and a step forward towards eliminating acts of gen-

der violence in Indonesia. This also shows the world that Indonesia is taking gender issues seriously as it ratifies the convention on the elimination of all forms of discrimination against women.

What hopes do you have for Indonesian women in the future?

Hopefully Indonesian women can continue to advance, develop, empower, and have a positive impact to the society. Reflecting on New Zealand where I currently work in, this country provides ample opportunities to women and their families. Policies are made with consideration to women protection. Since the system has worked well here, we can see that New Zealand is quite advanced in its women leadership. Women are strategically seated at state institutions, such as governor general, prime minister, members of parliament, ministers, and others. I also hope Indonesian women can continue to be confident and be the best, while being proud and preserving the Indonesian culture.

Currently, BPK is chaired by a woman, and is the first in history. What is your view on this?

I am very happy and also proud of this development, because more and more great women are occupying strategic positions in the government. This shows that equality in bureaucracy is real and can be realized. This also proves that modern occupation does not look at gender, but rather on individual capabilities and qualities.

With the increasing number of young diplomats today, what are your hopes for female diplomats as your successors?

Arguably, the MoFA does not differentiate men and women. Fifty percent of the current work force in MoFA are women. We are trained to work together, and to compete with one another.

Do you have any message to women in Indonesia?

My message is for them to study hard, reach you goals, make achievements, and keep the fighting spirit high. The only thing that can limit you is yourself, no one else. Lastly, remember to always be kind and stay humble. ●

The Audit Board of the Republic of Indonesia (BPK) is awarded as
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The awarding ceremony takes place in Central Java on March 25, 2022.



EXECUTIVE DIALOGUE ON SUSTAINABILITY REPORTING

The focus of the discussion was on the role for SAIs to audit sustainability reports of governments and government institutions.



In March 2022, senior representatives from BPK and the Australian National Audit Office (ANAO) met virtually to discuss the emerging topic for Supreme Audit Institutions (SAIs) of sustainability reporting.

For background, sustainability reporting encompasses the provision of financial and non-financial information on the social, environmental and economic impact of an organisation's day-to-day activities¹.

The meeting – opened by the Secretary-General Mr Bahtiar Arif – represented another opportunity for peer-to-peer engagement between the two SAIs of Indonesia and Australia and to leverage the experience of each to assist the other to benefit from the bilateral relationship². The focus of the discussion was on the role for SAIs to audit sustainability reports of governments and government institutions. Presenters and participants considered the initial thinking and approaches to auditing this particular form of non-financial information encapsulated by the concept of the Environment, Social, and Governance (ESG) framework.

To understand why this is topic is of interest for both organisations, it is helpful to understand the current environment and what is happening across the auditing profession internationally.

What are the drivers for change?

There is increased demand from investors with global investment portfolios for high quality, transparent, reliable and comparable reporting by companies on climate and other environmental, social and governance (ESG) matters. This has accelerated the emergence of sustainability reporting in recent years.

The primary drivers include the:

- demand for information to assist with making investment decisions that are consistent and comparable on how climate change and related social and environmental matters has affected and/or will affect entities.
- desire for a global sustainability-reporting framework and standards to:
 - attract and retain investors to provide capital for continued growth and development.

1 International Federation of Accountants (IFAC), https://www.cipfa.org/~/link.aspx?_id=A97B2262B5AA4BFD9B5705367E15809C&_z=z [Accessed 9 February 2022].

2 The bilateral relationship between BPK and the ANAO is supported through Prospera – Australia Indonesia Partnership for Economic Development. Prospera is a grant-funded partnership between Australia's Department of Foreign Affairs and Trade, and Indonesia's Coordinating Ministry for the Economy.



- mitigate risks of potential litigation associated with climate change and the requirement to exercise due care and diligence.
- reduce insurance and finance costs as understanding social and environmental risks can assist in negotiating lower costs (sustainability-related information enables insurers and finance companies to assess an entity's costs, be it through remediation expenses, waste production, treatment and disposal, and to predict future profitability).
- minimise the potential for reputational damage amongst stakeholders and the public.
- general public interest in the social and environmental impacts of an organisation's activities³.

From a public sector perspective, there is also a need for stakeholders to better understand all aspects of performance and the impact of government, similar to that of the private sector. There are also demands for information pertaining to social, economic, environmental and governance matters, all of which are covered in the concept of sustainability reporting. As noted in 2022 by Jeffrey Matsu, Chief Economist at the Chartered Institute of Public Finance and Accountancy (CFPA)⁴, "the public sector plays an important part in addressing climate change, sustainability reporting is the first step to disclose how current activities impact the environment."

From an assurance standpoint, CPA Australia⁵ has observed that assurance can provide users of sustainability reports with confidence, enabling evaluation and decision making with information they can trust. However, presently in both Indonesia and Australia the absence of a framework for sustainability reporting has resulted in there being no current specific audit work in this area. That said, there has been a rapid progression in recent years towards the development of international sustainability-related standards.

What has been happening internationally?

In April 2015, the Group of 20 (G20) Finance Ministers and Central Bank Governors asked the Financial Stability Board (FSB) to convene public and private-sector participants to review how the financial sector can take account of climate-related issues. To help identify the information needed to assess and price climate-related risks, the FSB established the industry-led Taskforce on Climate-related Financial Disclosures (TCFD). The TCFD has developed voluntary climate-related disclosures useful to investors and others in understanding material risks⁶. The TCFD framework is structured around four themes that represent the core elements of how organisations operate and is the dominant framework internationally and in Australia.

3 AASB (November 2021), ITC 48 Extended External Reporting, https://aasb.gov.au/admin/file/content105/c9/ITC48_11-21.pdf [Accessed 2 February 2022].
 4 CIPFA (February 2022), Sustainability Reporting: How Transparency and Accountability Can Strengthen Public Value, How accountability can strengthen public value | CIPFA [Accessed 21 April 2022].
 5 CPA Australia (2012), A Guide for Assurance on SME Sustainability Reports, The Collection, Integration and Reporting of Sustainability Information within an Organisation State of Practice (cpaaustralia.com.au) [Accessed 21 April 2022].
 6 TCFD (2020), Task Force on Climate-related Financial Disclosures: 2020 Status Report, p2, 2020-TCFD_Status-Report.pdf (bbhub.io) [Accessed 7 February 2022].

On 3 November 2021, the International Financial Reporting Standards (IFRS) Foundation established the International Sustainability Standards Board (ISSB) to develop a comprehensive global baseline of sustainability-related disclosure standards to provide investors and other capital market participants with information about a company's sustainability-related risks and opportunities to assist with making informed decisions⁷.

Two prototype standards for general sustainability and climate-related disclosures were developed by the Technical Readiness Working Group (TRWG)⁸ which are the foundation for the ISSB proposed standards, expected to be published mid-2022. The two prototypes relate to:

1. Climate-related disclosures – which sets out the requirements for the identification, measurement and disclosure of climate-related financial information.
2. General sustainability disclosures – which sets

out the overall requirements for disclosing sustainability-related financial information relevant to the sustainability-related risks and opportunities faced by the entity.⁹

The climate-related disclosures are based on the TCFD framework. These are voluntary climate-related disclosures useful to investors and others in understanding material risks.

The International Auditing and Accounting Standards Board (IAASB) has recognised the International Standard on Assurance Engagements (ISAE) 3000 (Revised) Assurance Engagements Other than Audits or Review of Historical Financial Information (ISAE 3000)¹⁰ as the standard under which EER should be audited and has developed non-authoritative guidance on applying ISAE 3000 to EER assurance engagements¹¹.

In exploring the topic of “Supporting the SDGs”, the inaugural SAI20 (refer to the text box) – established by BPK - has been considering the role of the SAI to promote transparency and accountability of non-financial information, such as that of the Environment, Social, and Governance (ESG) framework, of the Government's policy implementation related to the transition to greener economies.

Supreme Audit Institutions 20 (SAI 20)

With the Republic of Indonesia assuming the presidency of the Group of 20 (G20) in 2021-22, BPK has initiated the establishment of a non-political forum of Supreme Audit Institutions in the G20 countries along with relevant stakeholders.

This G20 engagement group – commonly referred to as Supreme Audit Institution 20 or SAI20 - will meet over 2022 in the lead up to the G20 in late 2022. SAI20 was initially established in response to an urgent need for global transparency and accountability in the wake of the COVID-19 pandemic and recognising the need for countries to continue to achieve Sustainable Development Goals (SDGs). The objectives of SAI20 are two-fold:

- To promote collaboration among SAIs in G20 countries and other stakeholders to contribute in strengthening oversight, developing insight, and providing strategic foresight to foster accountable economic governance.
- Develop a platform for strengthening the SAIs' role as a partner to G20 member countries in responding to global issues.

Learning from stakeholders

In the session, participants were joined by two eminent speakers from the National Centre for Sustainability Reporting (NCSR) – Prof. Eko Ganis Sukoharsono and Mr. Andrew Twohig. The NCSR was established in 2005 as the first independent organization to develop sustainability reporting in Indonesia and the first to introduce the term “sustainability report” in Indonesia¹². The NCSR was initially established to socialise the sustainability reporting system in Indonesia based on the Sustainability Report Handbook created by ACCA UK in collaboration with the Ministry of Environment. In 2011, NCSR was appointed by the GRI (Global Reporting Initiative) as the Official GRI Training Partner for Southeast Asia covering Indonesia, Malaysia, Singapore and Philippines.

7 International Sustainability standards Board (2021), <https://www.ifrs.org/groups/international-sustainability-standards-board/> [Accessed 4 February 2022].

8 The TRWG was established by the Trustees of the IFRS Foundation in March 2021 to provide a head start for the ISSB. Source: <https://www.ifrs.org/groups/technical-readiness-working-group/> [Accessed 7 February 2022].

9 IFRS TRWG (2021), <https://www.ifrs.org/groups/technical-readiness-working-group/#resources> [Accessed 7 February 2022].

10 IAASB, ISAE 3000, <https://www.iaasb.org/publications/international-standard-assurance-engagements-isa-3000-revised-assurance-engagements-other-audits-or-0> [Accessed 21 February 2023].

11 IAASB (December 2021), Non-Authoritative Guidance on Applying ISAE 3000 (Revised) to Sustainability and Other Extended External Reporting (EER) Assurance Engagements, <https://www.ifac.org/system/files/publications/files/IAASB-Guidance-Extended-External-Reporting.pdf> [Accessed 17 February 2022].

12 National Center for Sustainability Reporting - Welcome - National Center for Sustainability Reporting : National Center for Sustainability Reporting (ncsr.id)

Professor Eko Ganis Sukoharsono, SE, MCOM (ACCY), CSRS, CSRA, PH.D is the Director of Research at the Center for Business, Social and Environmental Sustainability as well as lecturer of Brawijaya University. He is also the President in the Institute of Certified Sustainability Practitioners (ICSP). Professor Eko has ten years of experience in sustainability accounting and reporting.

Andrew K Twohig is the Chief Executive of the Institute of Certified Sustainability Practitioners and has been a consultant for BPK. Mr. Twohig is a certified sustainability report assurer and specialist since 2012. He has helped many companies, the public and private sectors, in writing annual reports or sustainability reports, such as for PLN (State Electricity Company), Unilever, and Siloam Hospitals.

As detailed on its website, the intention of the NCSR is to gather the potential of companies, organisations and professionals in Indonesia and become the engine for Sustainable Development - based upon the 3 (three) main principles "Economy, Social and Environment". Their functions include developing standards and to increase the quality of sustainability reporting, implementation of Good Corporate Governance, encouraging stakeholder trust, and as a catalyst for communication, consultation, coordination and other initiatives that is needed in Sustainability Management.

The two speakers from the NCSR shared their knowledge and experience with participants. Prof. Eko Ganis Sukoharsono initiated the dialogue by providing relevant context on the subject and elaborated on the current requirements for sustainability reporting (and other non-financial information such as the Environment, Social, and Governance (ESG) framework) in Indonesia and globally. To do this, he sought to assist participants by exploring the standard setting framework and the concept and intent of sustainability reporting as envisaged by the standard setters.

Professor Eko highlighted the opportunities and challenges of sustainability reporting for:

- public and private institutions – for example, mitigating/reversing negative environmental, social and governance impacts, improving brand loyal-



- ty and new employee competencies.
- practitioners – for example, creating a new profession, knowledge, jobs, standards and competencies.
- academics – for example, new research topics, knowledge, study programs and community services.

Mr Andrew Twohig spoke from his experience in supporting both private and public sector organisations to produce sustainability reports. Mr Twohig reflected on his experience and shared insights and lessons learned. In particular, he noted the benefits of sustainability reporting and providing assurance over sustainability reports, including:

- providing wider and more useful information about an organisation's impact on the environment and society.
- hidden business, operational and management problems being uncovered.
- identifying a wider pool of stakeholders that affect or impact on an organisation's operations.
- increased confidence in the accuracy of information reported.
- awakening and motivating employees and other key stakeholders as to their role in sustainability into the future.

The Indonesian Perspective

Mrs. Selvia Vivi D (Director of Public Relations and International Cooperation Bureau) noted that Indonesia currently has no regulations that oblige government agencies to prepare sustainability reports. The Financial Services Authority (OJK-Otoritas Jasa Keuangan), through POJK No. 51 of 2017, requires Financial Service Institutions, Issuers, and Public Companies to produce Sustainability Reports. The POJK does not explain the reference for the reporting standards.

There are many different frameworks to produce sustainability reports and BPK uses the GRI framework/standards as BPK learnt that the GRI framework is widely used and is one of the frame-

works that is acknowledged by the UN global compact. There are two options for preparing a report in accordance with the GRI Standards: Core and Comprehensive. BPK chose the core option rather than the comprehensive option. The core option indicates that a report contains the minimum information needed to understand the nature of the organization, its material topics and related impacts, and how these are managed. BPK chose this option given it was the first time BPK that had produced a sustainability report and this took in to regard the data that could be provided by BPK at that time.

Preparing a sustainability report was important and is related to contributing to the implementation of SDGs, especially target 12.6. As a member of INTOSAI, BPK implements INTOSAI P-12 – the value and benefits of SAI and SDGs become a strategic issue for the 2020-2024 BPK Strategic Plan. Moreover, BPK efforts to become a role model for transparency and accountability in organizational governance and having a sustainability report shows that BPK is always agile with the changing environment and BPK's risk management is always in place.

BPK has prepared its own sustainability report and shared with the participants its experience in preparing and publishing that report. BPK, through Mrs Vivi, shared the experience of compiling the 2020 BPK sustainability report which was completed in 2021, among others, the methodology and steps, audit or review, and challenges.

The methodology and steps in preparing sustainability report were described, as follows:

1. Identification. After consideration of various

aspects such as data availability, direction from the top management, and that was the first experience in compiling a sustainability report, BPK used the core option. BPK mapped possible material topics/topic-specifics and related impacts to BPK, in which was considered more relevant to the stakeholder and what they want to learn and know about BPK regarding the topics of sustainability report.

2. Prioritizing. BPK collected the available data within the organisation and soliciting opinions from various stakeholders in determining the material topics/topic-specifics to be presented in the report.
3. Validating. BPK validated this by processing data, cross reviewing, and having the report assured from an assesor. The end result was BPK's first sustainability report.

Some of the challenges noted were:

1. The need to identify the material topics related as a public sector organization. BPK needed to consider various aspects, inter alia: relevance to BPK's business processes, the significant impacts to society, crucial issues for BPK, the stakeholder's requirements, and potential boundaries: within and outside of BPK.
2. Identifying external parties that had a high interest in BPK sustainability reports.
3. Ensuring consistency of reporting to enable comparability over time and with other organizations.
4. Data Availability. Since the production of a sustainability report included non-financial data, which was qualitative in nature, BPK had to consider data sources on matters such as the impact, the effect on BPK employees, and the impact on the society around BPK or in wide angle stakeholder of BPK.
5. The "Before and after" condition, given that When BPK produced the sustainability report, it did not have any guidance, and until now BPK is yet to developed such guidelines.

It was explained that if SAI does not have any mandate to audit the sustainability report, the SAI should find what is justified or on what legal justification there was to conduct the audit of a sustainability report - in regulation number 15/2004, BPK has 3 types of audit: financial, performance, and compliance audit.

It is acknowledged that BPK is yet to develop an approach for the audit of sustainability reporting within Indonesia, however BPK has conducted some environmental audits in the context of



its performance audit program. Similarly, this is also the experience for the ANAO in Australia. In a leading example for other public sector organizations in Indonesia (and internationally), BPK has recently commenced the development of its own sustainability report.

Sustainability report is also closely related to SDGs, and these are some of BPK's experience in audit of SDGs:

1. In 2018, BPK conducted a performance audit of the government's preparation for implementing the SDGs (Preparedness);
2. In 2019, BPK conducted a performance audit on the effectiveness of government programs that contribute to the implementation of the achievement of the SDGs;
3. In 2021, BPK conducted a performance audit on the effectiveness of achieving the Sustainable Development Goals in building a strong and resilient national public health system; and
4. In 2021, BPK conducted "Performance audit on government effectiveness in implementing sustainable urban transport".

It was noted that if the SAI does not have a mandate for the audit of sustainable reports, then perhaps SAIs can conduct a review of it as one such approach. BPK proposed an approach to audit or review a sustainability report could be done by a process driven approach, rather than the output and outcome driven approach.

There are a number of considerations to audit or review a sustainability report, by a process driven approach, in order to assess the process of preparing a sustainability report in accordance with the GRI standards:

1. Assessing the process for compliance with the reporting principles in defining report contents, inter alia:
 - Stakeholder Inclusiveness. The reporting organization shall identify its stakeholders, and explain how it has responded to their reasonable expectations and interests.
 - Sustainability Context. The report shall present the reporting organization's performance in the wider context of sustainability.
 - Materiality. The report shall cover topics that: reflect the reporting organization's significant economic, environmental, and social impacts; or substantively influence the assessments and decisions of stakeholders.
 - Completeness. The report shall include coverage of material topics and their

Boundaries, sufficient to reflect significant economic, environmental, and social impacts, and to enable stakeholders to assess the reporting organization's performance in the reporting period.

It was noted by Mrs. Vivi that to define the report's content, stakeholder inclusiveness is the key factor that should be considered, and also the context of the sustainability report. Materiality is another element that needs to be considered, and whether all of the comprehensive of activities in the institutions are to be reported or only those material. Completeness is another component that should be considered.

2. Assessing the process in compliance with the reporting principles in defining report quality, inter alia:
 - Accuracy. The reported information shall be sufficiently accurate and detailed for stakeholders to assess the reporting organization's performance.
 - Balance. The reported information shall reflect positive and negative aspects of the reporting organization's performance to enable a reasoned assessment of overall performance.
 - Clarity. The reporting organization shall make information available in a manner that is understandable and accessible to stakeholders using that information.
 - Comparability. The reporting organization shall select, compile, and report information consistently. The reported information shall be presented in a manner that enables stakeholders to analyze changes in the organization's performance over time, and that could support analysis relative to other organizations.
 - Reliability. The reporting organization shall gather, record, compile, analyze, and report information and processes used in the preparation of the report in a way that they can be subject to examination, and that establishes the quality and materiality of the information.
 - Timeliness. The reporting organization shall report on a regular schedule so that information is available in time for stakeholders to make informed decisions.

It was conveyed that the quality, accuracy, balance, clarity, comparability, reliability, and timeliness were of the most importance. The comparability and timeliness are both impor-



tant given that as a SAI, BPK should be able to consider whether an institution report is comprehensive and compare this to another institution. Furthermore, the timeliness is also important as to whether the report and audit to be conducted every 2 or 3 years, or another period of time, so that there will be consistency of reporting to enable comparability over time and with other organizations.

There are several challenges ahead in conducting an audit or a review of a sustainability report. First relates to the SAI mandate and whether the SAI was going to conduct an audit or review. Related to this was the type of audit to be conducted, be it performance or a compliance audit. Second was the guideline and various standards that could be used when the SAI conducts the audit or review. The last relates to the differentiation between the role of the auditor and that of an assessor (Certified Sustainability Reporting Assurer/CSRA). This must be clarified as it will have an impact on the acceptance to the stakeholder.

Mrs. Vivi conveyed some recommendations in the discussion, *inter alia*:

1. Formal policy for sustainability reports
Indonesia needs to have a formal policy for sustainability reporting, including that outlines the mandate for the audit for BPK. This should provide clarity as to the output, impact, and measurement.
2. Consistency of reporting period
To have comparable sustainability reports, it should consider timeframes and whether reports should be produced every 2 years, 3 years or another period. This would help the SAI or other institutions to manage the resources.
3. Adequacy of data provided
Data is important because to produce a sustainability report, it will require qualitative data. The auditor should consider how deep the data should be, what data should be provided by each division, and its measurement, and consis-

tency of data format.

4. Guidelines for sustainability report

The guideline consists of reporting and its audit or review. This should be a legal or formal guideline that can be used by the SAI when conducting the audit of the sustainability report.

At the end, Mrs. Vivi underlined the most important element, that she believed this is a journey for the SAI to conduct an audit of sustainability reports, and this will become a challenge going forward. But as the SAI is an agile institution, it will have to adapt otherwise it won't provide impact to the society.

The Australian Perspective

In the Australian private sector, at present there is not compulsory sustainability reporting. From a reporting perspective, companies are required to disclose any information that shareholders would reasonably need to make an informed assessment of an entity's operations and business strategies. There are also recommendations on corporate governance practices around environmental and social risks for publicly listed companies in Australia. The current legal requirements for certain entities in terms of disclosing non-financial information are related to specific federal acts (such as the Modern Slavery Act 2018, the Workplace Gender Equality Act 2012, or the National Greenhouse and Energy Reporting Act 2007).

In the public sector, section 516A of the Environment Protection and Biodiversity Conservation Act 1999 requires Commonwealth departments, Parliamentary departments, Commonwealth authorities, Commonwealth companies and other Commonwealth agencies include in their annual reports information on:

- how the agency's activities have accorded with the principles of Ecologically Sustainable Development (ESD) .
- how their departmental outcomes contributed to ESD.
- the agency's impact on the environment and measures taken to minimise those impacts.
- the review mechanisms in place to review and increase the measures the agency takes to minimise its impact upon the environment.

These disclosures are not subject to audit as they do not form part of the financial report of Commonwealth Entities. The ANAO presenters acknowledged that assurance over such reporting would provide confidence to the users of those

sustainability reports to enable their use in decision making.

The industry-led TCFD framework, referenced above, is the basis for mandatory EER standards in New Zealand. The TCFD framework is also the most used EER framework in Australia and has the explicit support of the Australian Prudential Regulation Authority (APRA), Australian Securities Exchange (ASX), CPA Australia and the Chartered Accountants Australia and New Zealand.

The Financial Reporting Council (FRC), Australian Accounting Standards Board (AASB) and Australian Auditing Standards Board (AUASB) (the Boards) have recognised stakeholder demand for authoritative guidance on matters such as Extended External Reporting (EER) in Australia¹³. EER is the term that the Boards have adopted to encompass broader non-financial reporting matters such as sustainability reporting.

In November 2021, the Boards announced an intention to develop an EER regime within the current framework for financial reporting. Specifically, the AASB intends to develop reporting requirements for non-financial information and the AUASB intends to simultaneously update relevant assurance standards, which are already capable of addressing current voluntary disclosures. The FRC will continue to provide strategic oversight of the Boards.

The AUASB has adopted the guidance from the IAASB32 for use in Australia. The ANAO has been proactively following developments and intends to contribute to discussions in Australia as these frameworks develop.

The ANAO's sustainable development related auditing is generally conducted under the Auditor-General's performance audit mandate. With substantial investment by the Australian Government in environment and infrastructure-related activities, the ANAO presenters at the Executive Dialogue indicated an intention to continue to monitor government activity in areas related to sustainable development in the context of the ANAO's broader performance audit program.

In his 2020 Mid-Term Report¹⁴, the Auditor-General noted that the impact of audit on public sector performance can be pervasive and positive with the existence of audit moderating



public sector activities to be more consistent with the expectations set out in legislative and regulatory frameworks. Regular scrutiny can also add reliability and credibility to reports subject to assurance as evident from the support for the introduction of mandatory auditing of performance statements (performance information) by the ANAO, in a similar manner to which financial statements are audited. During this Executive Dialogue the ANAO presenters reflected on whether a similar approach could be adopted for sustainability reporting.

Ms. Pollock spoke to the key challenges faced by public sector entities in adopting sustainability reporting, namely:

- the lack of a generally accepted reporting framework.
- absence of political will for progressing sustainability reporting initiatives at the public sector level.
- the need to determine the purpose and objectives of such reports, were they to be mandated.
- understanding the difference between public and private sectors and the impact of such differences on reporting needs.
- resolving the reporting considerations, be it the reporting level, publication of reports and the potential impact on annual reporting processes.
- the concept of materiality and its application to sustainability reports.
- capacity of public sector entities to produce such reports and the availability of sufficiently skilled staff.
- understanding the evidence base to support non-financial reports.

For the ANAO, its audit mandate does not extend to the promotion of government policy

¹³ FRC/AASB/AUASB Position Statement (November 2021), Extended External Reporting and Assurance, AASB-AUASB, FRC Position Statement 11/21 [Accessed 7 February 2022].

¹⁴ Auditor-General's mid-term report | Australian National Audit Office (anao.gov.au) [Accessed 28 April 2022].



Moreover, BPK efforts to become a role model for transparency and accountability in organizational governance and having a sustainability report shows that BPK is always agile with the changing environment and BPK's risk management is always in place.

or international environmental and development practice, such as the United Nations (UN) Sustainable Development Goals. Acknowledging the Australian Government makes substantial investments in environment and agriculture-related activities, similar to BPK, it does have a program of environmental audits¹⁵ generally conducted under the Auditor-General's performance audit mandate. These audits have generally focussed on grants administration, policy development, regulation and financial management.

The Auditor-General has identified the emerging area of sustainability reporting as one of keen interest. To date, the focus of the ANAO in respect of promoting transparency and accountability of non-financial information has been in the area of performance reporting. As the SAI of Australia, the Auditor-General has tasked the ANAO, and particularly, the Group Executive Director of the Professional Services and Relationships Group (Ms. Jane Meade) to explore the concept of sustainability reporting, and the role of the SAI in auditing such reports. Ms. Meade attended this Executive Dialogue with colleagues from BPK, and was assisted by Ms. Kirstie Pollock, to discuss the early stages of this project for her organisation.

Ms Meade acknowledged in this Executive Dialogue that the ANAO was still in the very infancy of considering this topic from both a strategic and operational perspective. In her opening remarks, she commented on her interest in learning from BPK as to its experience preparing its own sustainability report. Ms. Meade also saw this dialogue as an initial discussion on a topic that would benefit from future engagement be-

tween both organisations (and jurisdictions) as both organisations respectively developed organisational thinking and approaches.

The ANAO representatives spoke to the inclusion of this topic within the scope of the inaugural SAI20, observing that this was a sign that Indonesia (as president of the G20) and BPK (as the Chair of the inaugural SAI20 engagement group) had also identified this as an emerging matter for SAIs, in both the context of supporting implementation of sustainable development goals, but also to meet the needs of stakeholders – be it Parliament, business or the community. The timing and inclusion of the topic in SAI20 was also fortuitous given the ANAO had recently commenced a project on sustainability reporting and the potential role for the SAI and was considering the potential implications and opportunities that may arise in providing assurance on this type of reporting. The absence of a framework for sustainability reporting in Australia has resulted in there not being current specific audit work in this area.

Similarly, to her approach to the challenges faced by public sector entities, Ms. Pollock also spoke to the key challenges faced by the Supreme Audit Institution in implementing the audit of sustainability reports, namely:

- the key barrier that needed to be overcome was that of an absence of an established framework – as seen in both Indonesia and Australia - for sustainability reporting, and a requirement for compulsory sustainability reporting of such.
- the mandate of the SAI and whether this extended to the audit of sustainability reports.
- the resources available, be it budgetary or staffing, to conduct such audits in addition to the established audit programs.
- the skills of staff to be able to audit sustainability reports, and the availability of specialised skills in the marketplace to complement the audit team.

Ms. Meade outlined the approach being adopted by her and her team to research this matter in response to the request of the Auditor-General. Primarily this consisted of the conduct and compilation of research as to the current state of play for sustainability reporting in Australia and Internationally. This was to be supplemented by:

¹⁵ From 2019–20 to 2020–21, the ANAO tabled 84 performance audits, with nine audits relating to the environment and agriculture (refer to: Publications | Australian National Audit Office (anao.gov.au)).

- consideration of possible frameworks for future audits of sustainability reports, including the applicable auditing standards, review frameworks and developing audit criteria.
- keeping abreast of public sector developments.
- consultation internally and externally, including engagement with peers such as BPK and with professional bodies and public audit firms.
- learning from recent experience, most notably that of the implementation of an approach for auditing non-financial performance information at the ANAO.

Lastly, Ms. Meade sought to share insights with participants of the Executive Dialogue as to Insights from the ANAO's audits of non-financial information. To do so, Ms. Meade outlined key lessons learned from two perspectives – that of the preparer of reports, and that from auditing those reports. In relation to the former, the ANAO has identified the following insights in relation to the preparation of reports that could be of relevance to the preparation of sustainability reports:

- the need to plan for reporting. There is a need to develop a strategy of what is to be reported and how to go about this.
- establishing governance arrangements, including planning for reporting, review and oversight and establishing appropriate base-lines for activities.
- the need to develop measures from which to track and evaluate performance.

With regard to the insights gained for the auditor, sourced from the ANAO's experience with the audit of non-financial information, key insights included:

- the need to plan for implementation. The use of piloting was beneficial to the ANAO in developing and testing its approach for the conduct of these audits.
- consideration as to the role of technical teams to support the development of the approach. This also includes leveraging the experience and knowledge of others that have preceded you.
- the need to establish fit-for-purpose governance and review functions.
- engaging early and often with stakeholders and the need to manage expectations.

Conclusion

The benefit of the bilateral relationship between BPK and the ANAO is that it provides an opportunity for both organisations to liaise and engage with international peers on such emerging topics, and in this case, for the ANAO to learn from BPK about its experience with implementing its own sustainability report, and for both organisations to consider this topic in more depth.

As noted by Ms. Meade in this Dialogue, within this context there was an opportunity for the SAI to lead in this area and to consider the potential implications and opportunities that may arise in providing assurance on sustainability reports. To do so, any such approaches would need to reflect the needs of stakeholders and in and of itself, provide value to the stakeholders to better understand all aspects of the performance and impact of government – where we have seen the demand for information pertaining to social, economic, environmental and governance matters, all of which are covered in this concept of sustainability reporting. ●

About the bilateral relationship between BPK and the ANAO

The partnership between the ANAO and BPK is longstanding. This mutually beneficial relationship has been built on a foundation of respect and trust between both organisations and over the years has matured with the focus shifting largely from technical training to support directed towards strategic management, organisational development and two-way learning for both organisations.

As members of the International Organisation of Supreme Audit Institutions (INTOSAI) and the Asian regional organisation of INTOSAI (ASOSAI), the ANAO and BPK interact as international peers in these groupings. This partnership program has enabled a much deeper and more direct partnership through which BPK can source technical and organisational advice and assistance beyond the peer relationship.

TWO ELECTED BPK MEMBERS TAKE OATHS OF OFFICE

Isma Yatun and Haerul Saleh were appointed during the DPR Plenary Meeting on March 29, 2022.



Two elected members of the Audit Board of the Republic of Indonesia (BPK) for the 2022-2027 term took the oath of office at the Supreme Court Building, in Jakarta, on Tuesday (19/4). The two BPK members are Isma Yatun and Haerul Saleh.

The oath-taking of the BPK members was led by the Chief Justice of the Supreme Court, Muhammad Syarifuddin, and witnessed by the other BPK members, the heads of ministries/agencies, and other officials within the BPK. The taking of the oath of office for the members of the BPK for the period of 2022-2027 is carried out based on the Decree of the President of the Republic of Indonesia Number 42/P of 2022 concerning the Inauguration of BPK Members.

Isma Yatun and Haerul Saleh were appointed during the House of Representatives' of Indonesia (DPR RI) Plenary Meeting on March 29, 2022. Prior to their appointment, on March 18, 2022, Commission XI of the DPR RI decided 13 candidates for BPK members based on the

results of the majority of votes. From the voting results, Isma Yatun received 46 votes and Haerul Saleh received 37 votes.

The two elected BPK members replaced BPK members whose terms of office ended, namely Agung Firman Sampurna (Chairman and BPK Member) and Isma Yatun (BPK Member). In this case, Isma Yatun was re-elected and entered her second term of office as a BPK member. After taking the oath of office, the two BPK members will immediately carry out their duties together with other BPK members, namely Agus Joko Pramono, Hendra Susanto, Pius Lustrilanang, Achsanul Qosasi, Nyoman Adhi Suryadnyana, and Daniel Lumban Tobing.

According to Law Number 15 of 2006 concerning the Audit Board of the Republic of Indonesia, the election of the BPK Chairperson and Vice Chairperson will be conducted in a Board Meeting. After that, the elected BPK Chairperson and Vice Chairperson will take oath or promise guided by the Chief Justice of the Supreme Court. ●

ISMA YATUN AND AGUS JOKO PRAMONO OFFICIATED AS CHAIRPERSON AND VICE CHAIRPERSON OF BPK

Chairperson and Vice Chairperson of BPK are elected based on deliberation and consensus during the BPK Board Meeting as outlined in BPK Decision Number 2/K/I-XIII.2/4/2022.



Isma Yatun and Agus Joko Pramono have officially become the Chairperson and Vice Chairperson of the Audit Board of the Republic of Indonesia (BPK) effective after taking the oath of office and pledge at the Supreme Court Building in Central Jakarta on Thursday (21/4).

The oath-taking ceremony was led by the Chief Justice of Supreme Court, Muhammad Syarifuddin. It was carried out based on Article 16 Par (2) of Law Number 15/2006 concerning BPK.

The ceremony was witnessed by BPK Board Members and upper management. Also invited were former BPK Board Members, members of the Indonesian House of Representatives, and officials of Ministries/Institutions.

Isma Yatun replaces the former BPK Chairman Agung Firman Sampurna whose



Isma Yatun replaces the former BPK Chairman Agung Firman Sampurna whose term of office has ended.



term of office has ended. Previously in BPK, Isma Yatun was Board Member V (April 2017-October 2019) and Board Member IV (October 2019-April 2022). Meanwhile, Agus Joko Pramono has served as Board Member III (August 2013-October 2014), Board Member II (October 2014-October 2019), and Vice Chairman (October 2019-April 2022).

The Chairperson and Vice Chairperson of BPK are elected based on deliberation and consensus during the BPK Board Meeting as outlined in BPK Decision Number 2/K/I-XIII.2/4/2022. In addition to selecting the two positions, the meeting also determined the division of tasks and responsibilities of the Chairperson, Vice Chairperson, and Board Member I to VII. ●

Division of Tasks and Responsibilities of BPK Board Members



ISMA YATUN

BPK Chairperson



AGUS JOKO PRAMONO

BPK Vice Chairperson



NYOMAN ADHI SURYADNYANA

BPK Board Member I



DANIEL LUMBAN TOBING

BPK Board Member II



ACHSANUL QOSASI

BPK Board Member III



HAERUL SALEH

BPK Board Member IV



ISMA YATUN

Acting BPK Board Member V



PIUS LUSTRILANANG

BPK Board Member VI



HENDRA SUSANTO

BPK Board Member VII



■ B Dwita Pradana

As the focal point for SAI20, the Audit Board of the Republic of Indonesia (BPK) held a focus group discussion (FGD) on the Enrichment of SAI20 Priority Issues with G20 Working Groups (WG) and Engagement Groups (EG). The discussion was held to anticipate the rapid changes due to geopolitical situation and development of global economic issues.

The FGD aimed to solicit input on the latest development related to SAI20 priority issues, including to gather lessons learned in discussing SAI20 issues in order to improve the output of SAI20 as part of an effort to make the momentum of Indonesia's presidency in G20 successful. The FGD was held in hybrid mode from BPK Head Office in Jakarta, Tuesday (17/5).

The activity was commenced by the Director General of Planning, Evaluation and Development of BPK, B. Dwita Pradana. In his speech, he stated that multi-stakeholders' involvement and collaboration in achieving synergy were the keywords in the two priority issues promoted by SAI20, namely accelerating economic recovery and supporting the SDGs.

"These priority issues coincide with the priority issues brought up by other working groups and engagement groups derived from the three priority issues of G20 Indonesia Presidency 2022: Global Health Architecture, Digital Transformation, and Sustainable Energy Transitions," he said.

He underlined the importance of SAI20 to establish good relations and collaborate with other working groups and engagement groups within the G20 community. The goal is to produce a Communique that provides optimal benefits, in addition to strengthen cross-sectoral cooperation with relevant government agencies, representative institutions, and non-governmental institutions.

The meeting was also attended by Co-Sherpa of G20

TO ANTICIPATE THE LATEST DEVELOPMENT, BPK HOLDS SAI20 FGD

The discussion was held to anticipate the rapid changes due to geopolitical situation and development of global economic issues.



■ Edi Prio Pambudi

Indonesia Edi Prio Pambudi, who is also the Deputy for Coordination of International Economic Cooperation at the Coordinating Ministry for Economic Affairs. He highlighted that G20 Indonesia Presidency is faced with global challenges caused by multidimensional crises, from Covid-19 pandemic to war, resulting in economic and social inequality between developed and developing countries. Therefore, Indonesia can use this momentum to show its role in the international world.

"There are two components of the G20 that can be used by SAI20 to act as a catalyst for achieving the SDGs. First, the flexible informality of G20 dialogue to communicate global strategic issues. Second, inclusion is inviting all parties to contribute in finding solutions and recommendations," he stated.

Acting as moderator in this FGD was the Director of Public Relations and International Cooperation Selvia Vivi Devianti. Meanwhile, the presenter of Priority Issue I regarding Accelerating Economic Recovery was the Director of Strategic Planning and Performance Management Dali Mulkana, while Deputy Auditor In Charge for External Audit Yudi Ramdan Budiman was the presenter of Priority Issue II on Supporting the SDGs. ●

KERTABUMI RECYCLING CENTER A SOCIAL ENTERPRISE TURNING WASTE INTO VALUABLE PRODUCTS

Kertabumi already has 107 units of Waste Banks, most of which are located in the Greater Jakarta area. Waste is processed to become souvenirs, furniture, until those of construction purposes.



Starting from three people worried about environmental conditions in 2017, Kertabumi Recycling Center has now become a social enterprise with 1,000 members. Through its social entrepreneurship program, Kertabumi Recycling Center invites people in 47 cities to protect the environment by processing waste and recycling it into valuable products.

One of the founders, Iqbal Alexander, says that the name of Kertabumi comes from Sanskrit, which means warrior. "It is an embodiment of our anxiety, we want to create a platform to make changes, so we form Kertabumi," Iqbal told *Warta Pemeriksa*, recently.

Iqbal and two other founders start Kertabumi from a community that was formed on June 3, 2017. Their action started by cleaning up trash on beaches, roads and many other locations. After that, many activities are carried out, especially by cooperating with the private sector and the government.

The founders then rack their brains on how to keep the organization running without relying

on sponsors. The three then formed a business division, which does not only run conservation, but also waste engineering to food technology by prioritizing the concept of sustainability.

"So we give lives to trash. We also have product lines, they are waste to souvenirs, waste to furniture, also waste to construction. So for



souvenirs, we make bags and so on for company merchandise. For furniture, we make tables and benches. As for construction, we make bricks or blocks."

The point, he said, is that Kertabumi makes new products from high-durability waste so that they can be used for years. "Even longer, because it is waterproof and termite resistant," he said.

It also now has beneficiaries. There are two groups of beneficiaries. First, residents, who do not have access to waste management, they now have the access, for example, to a waste bank. Related to the waste bank, Kertabumi has 107 processing locations.

"We have 107 waste banks, and about 30 per cent of them are in Greater Jakarta Area. We are there in 47 cities. The furthest is in NTT, Makassar and also in Sumatera," he said.

The second beneficiary is residents, who receive economic incentives from waste. He says that the waste they collect is exchanged in Kertabumi units, where per 1 kilogram of plastic bottles is valued at Rp10,000. According to him, currently there are 20,000 beneficiaries, most of whom are coming from Greater Jakarta Area.

He adds that Kertabumi also educates the public to collect used cooking oil. The used cooking oil has an economic value for it can be processed into biodiesel.

The price is also fairly high, of which 1 liter can reach up to Rp7,000. "For the unfortunate residents, Rp7,000 can be used to feed one person, so it can be very meaningful," he said. Used cooking oil can also be processed into soap and candles.

In terms of collection, Social Enterprise Kertabumi is also affected by the Covid-19 pandemic. He mentions that one of his business units has a collaboration with other companies for garbage collection. However, due to the policy of working from home, there is no trash that can be picked up at the companies' offices.

Although decreasing, it turns out that the pandemic has brought other positive impacts. He says that people start paying attention to the environment and recycling. Thus, there are more and more people throwing garbage at Kertabumi Waste Banks.



"So the profit has decreased even though it is still safe. But in terms of benefits, the number of customers is increasing, the number of people depositing waste in the waste banks is increasing, so it's actually still okay," he said.

Becoming a Social Enterprise

Although the change from a community to a social enterprise is a big leap, according to Iqbal, he and the other founders have difficulties and are even challenged. He says that all of the founders and members do not have a business background, so they have to be self-taught to run the Kertabumi Recycling Center.

To be able to develop and carry a wider influence, he and his colleagues work hard to improve their abilities. "So to be able to create a business model, a price structure, a marketing strategy, all the knowledge we had learned for four years. It is also a self-taught, we focus more on professional business practices. But we don't want people using our services out of a pity. We want them to support us because we are professional, take it up from an activist to a social businessman."

This change has a positive impact because it makes Kertabumi more independent. Previously as a community, Kertabumi is only voluntarily. People can come and go and this does not bring maximum impact. After becoming a social enterprise, they can have their own funds to pay salaries and members can work full time.

"The impact is also bigger. At first we only clean, now we can recycle the waste, build a waste bank and expand it. Initially it is only in Jakarta, now we are in 47 cities. Initially we only collect 10 kg of waste every month, now it is 100 tons. Initially there are only 20 beneficiaries,



now there are 20,000 people, so it is growing," he said.

Public awareness

During the five years of socialization and education related to waste, Iqbal admits that the changes that are very difficult to make are the level of public awareness.

"Although we have given access, every Monday we pick up organic waste, but they still don't want to sort the garbage, or still litter."

Actually, the big challenge in dealing with waste is how to change the paradigm or public awareness. For that reason, Kertabumi focuses on anyone who wants to change.

According to him, Kertabumi is also focusing on establishing waste banks by relying on community groups, such as women praying groups and youth organizations. When people know that processing waste makes money, they will diligently deposit the waste at the Kertabumi waste banks.

"So we don't do mainstream socialization because it's less effective. We socialize services and products we make, so that people want to see it. Even though, for example, there is a waste bank at a community level, maybe there are only 30 per cent of them at the maximum who will become our customers," he said.

Based on his experience, Iqbal considers that environmental activists could become professions or even a business. Environmental issues are all around us, so it is easy to make it a business while improving natural conditions.

"For those who are just starting out or are still confused, just look for the most relevant environmental issues, not necessarily the global issues. For example, if in the nearest environment there is an issue of river pollution, it can then be used as a career in a social business solution for you while providing environmental solutions for the community," Iqbal concluded. ●





■ BY **DITA MIRANDA**

ANALYSIS ON THE LEGALITY OF G20 GOVERNANCE AND BINDING FORCE OF G20 COMMITMENTS

The G20 brings together leaders of the twenty systemically most important economies to discuss global issues in an informal setting. Given these characteristics, the informality of G20 commitments could be concluded.

Over the last 20 years of its existence, the G20 has evolved into an international forum for economic cooperation that not only attempts at addressing issues pertaining to financial sustainability but also often matters related to social development. The pinnacle of the G20 work in each cycle is a communiqué expressing members' commitments and vision for the future, drafted from the chosen recommendations and deliverables from ministerial meetings and other work streams. Then, G20 summit would adopt world leaders' declaration on global economic issues and joint actions that can be performed by the G20 member countries. The G20 commitments are typically regarded as non-binding, this paper attempts to explore to what extent the G20 commitments could bind and whether they are just an informal lawmaking.

The G20 decisions are considered as non-binding commitments, due to the absence of a legal and institutional framework and the generally informal character of the G20. The decisions do not have the form of a binding legal instrument under international law. Communiqués, declarations, and summit documents' characters are more to be characterized as coordinated policies rather than formal treaties governed by international law as described in Vienna Convention On The Law Of Treaties and The Statute of the International Court of Justice. This concerns are raised since the implementation of G20 commitments are often not measurable and hard to define. Furthermore, the objective of the G20 has never been to be the forum for negotiations to reach a binding treaty. The G20 brings together leaders of the twenty systemically most important economies to discuss global issues in an informal setting. Given these characteristics, the informality of G20 commitments could be concluded.

While the G20's decisions are not legally binding, its members make voluntary commitments which carry

considerable political weight. Practically, G20 commitments are made and implemented at the pace driven by need and mutual cooperation. However, the way in which the G20 has evolved has created impacts, proven by its members compliance towards commitments despite the non-legally binding outputs. This could be characterized with a rather strong commitment to the process on its members' side. The substantial interim compliance report by G20 members initiated by G20 Research Group showed that there are 20 priority commitments of the 107 total made at the G20 Riyadh Summit on November 21–22, 2020. By May 22, 2021, members had complied with them at a level of 74%. This was just above the 72% average of all summits at the end of the full compliance period, from the end of one summit until just before the subsequent summit. However, the detailed report illustrated that there are disparities of implementing G20 commitments between developed and developing countries. Then, the issue is that developing nations are struggling to implement its commitments which should be put into serious concerns by all G20 member states.

The above analysis suggests the informality character of G20 impacts its formality of non-legally binding commitments. Future developments of G20 in global governance depend largely on the type of multilateralism with which the G20 member states will choose to engage, so far members of the G20 choose the informal characters. Furthermore, the rule of law aspect of the G20 economic policy coordination is also a limited one. It is mainly due to the fact that the economic policy coordination, such as macroeconomic, monetary or financial services, focuses primarily at the target of public good rather than at the rule of law. In order to strengthen the legitimacy of the G20, effective policies and the willingness to reach out to those that are not in the network are needed. To this end, the proposals to engage with stakeholders in a more structured manner can only be encouraged. ●

SOCIAL PROTECTION PROGRAM: COMPLICATED SCHEMES AND PROBLEMATIC DATA



■ BY **BUDIMAN SIHALOHO**

A primary challenge in the social protection system is updating the dynamic data of beneficiaries. Accurate and complete data will determine the quality of decisions, budgeting, and policies taken by the government.

The National Medium-Term Development Plan 2020-2024 includes policy directions and strategies in regard to strengthening the implementation of social protection that meets targeted beneficiaries through synergistic data enhancement. A social protection program is a form of relationship between a government and citizens in which the government is protecting its citizens by reducing poverty, providing support to maintain purchasing power, encouraging public consumption, harvesting demographic bonus, and anticipating future demographic transitions.

The social protection program expenditure had an increasing trend from around IDR 122.0 trillion in 2016 to IDR 295.5 trillion in 2020. The increasing percentage was approximately 143%. However, these expenditures remain very low compared with regional standards. In addition, the subsidies approach in this social protection program needs to be changed as far as possible from commodity-based to beneficiary-based so that it meets targeted beneficiaries.

The social protection program takes various forms and diverse schemes. The first form is social security. The social security consists of several schemes, namely the National Health Insurance (JKN), Pre-Employment Card, Work Safety Guarantee, Pension Guarantee, and Old Age Security. The second form is social assistance, which includes schemes such as JKN Contribution Assistance, Cash Social Assistance, Non-Cash Food Assistance, Family of Hope Program, Smart Indonesia Program, Bidik Misi scholarship, Smart Indonesia Card, and Social Assistance for fishermen. The third form is Social Safety Net, incidental social assistance provided when an economic crisis or disaster occurs, both natu-

ral and non-natural disasters. Other social protection programs are in the form of government programs consisting of several schemes such as Ultra Micro, Co-operative Business Groups, People's Business Credit, subsidies (electricity, LPG, Salaries/Wages, Internet Quotas), and Village Fund Direct Cash Assistance, Distance Learning Data Packages Assistance for students, teachers, and lecturers, as well as Teacher Cash Assistance. In addition, each local government can also implement their own social protection program.

In addition to the various forms and schemes, the complexity of the social protection program is also caused by the involvement of various stakeholders and various levels of government. These stakeholders include the central government, local governments, village governments, and partners. The central government consist of, among others, the Coordinating Ministry for Economic Affairs; Ministry of Social Affairs; Ministry of Health; Ministry of Education, Culture, Research, and Technology; Ministry of Religious Affairs; Ministry of Home Affairs; Ministry of Village, Development of Disadvantaged Regions and Transmigration; Ministry of Energy and Mineral Resources; Ministry of Cooperatives and Small and Medium Enterprises; as well as Ministry of Marine Affairs and Fisheries. While the local government includes social services at the provincial and district governments. The partners consist of banks, channelling posts, or other parties cooperating with the government. The banks include Bank Negara Indonesia, Bank Rakyat Indonesia, Bank Mandiri, Bank Tabungan Negara, and Bank Syariah Indonesia. In addition, there are also State-Owned Enterprises such as the State Electricity Company. These high complexities are increasing the risk of beneficiaries duplication.

Such a complex social protection program needs to be supported by a reliable information system and high quality and complete data. By design, the existing information system is sufficient enough. However, there are still many problems in its implementation. In general, these problems include, among others, exclusion and inclusion errors; the amount received by the beneficiary is incorrect; and beneficiaries receive assistance beyond the schedule.

In particular, these problems include beneficiaries are not registered in the government-developed database; there is a list of beneficiaries that has not been ratified; beneficiaries with invalid Single Identity Number; there are beneficiaries who are reported to have died; beneficiaries also receive other social assistance; problematic beneficiaries in the previous year but were still designated as recipients of social assistance in the following year; beneficiaries who have been blacklisted but still receive assistance; beneficiary cards are not distributed; there is assistance budgeting that does not prioritize registered beneficiaries and who have not received assistance; non-targeted beneficiaries consume energy subsidies; and there are State Civil Apparatus and company directors or commissioners receiving social assistance.

These problems can be caused, among others, by inadequate data integrity; lack of data verification and validation; a follow-up mechanism for problematic data has not been established; absence of regulation regarding an effective regional organizational structure to process, verify and validate the proposed beneficiaries data; standard instruments for verifying and validating beneficiaries data have not been fully implemented; data cleansing has not been carried out properly; central government has not appropriately communicated the deletion, replacement, addition, and correction of beneficiaries data to local governments; ineffective policy of inter-agency data synchronization; and insufficient data quality monitoring.

In addition, not all local governments have sufficient resources and capacity to manage and update beneficiaries data. For example, only some local governments have dedicated working units or adequate budgets to manage beneficiaries data; lack of quantity and quality of human resources as well as facilities and infrastructure to collect, verify and validate beneficiaries data. These have resulted in, among other things, until October 2020, only around 30% of local governments have updated 2015 poverty data with a minimum household coverage of 51%. In fact, the verification and validation process is very crucial in determining data integrity.

The problems mentioned above stem from inaccur-

rate and incomplete data as well as weak coordination between the stakeholders involved. A primary challenge in the social protection system is updating the dynamic data of beneficiaries. Accurate and complete data will determine the quality of decisions, budgeting, and policies taken by the government. A complete and accurate database will strengthen synergies between relevant programs. The accurate and complete data aims to ensure that the beneficiaries of social protection meet established criteria with the lowest exclusion and inclusion error, receive the right amount of assistance and receive it at the right time and location.

The social protection program is a multi-sectoral affair that requires cross-sectoral management. Consequently, coordination among these sectors needs to be continuously improved. Therefore, one way to enhance the implementation of social protection is by simplifying the program. The government needs to innovate in order to simplify various forms and schemes of the program and their implementation mechanisms. This will allow the government to implement them more economically, efficiently, effectively and meet targeted beneficiaries. As a result, this will reduce the complex coordination among various stakeholders involved. In addition, it would be better if the program is organized by a central coordinating agency.

Another way to improve the program is by strengthening regulations, especially regarding the verification and validation mechanism of beneficiaries data, which is quite critical. This needs to be supported by providing capability support to local governments that have not been able to update, verify, and validate high-quality beneficiaries data.

In addition, the government needs to continuously improve data management and social protection information systems. This data management includes intensification of social and economic data and matching them with single identification number so that the beneficiaries actually meet the established criteria. The government also needs to continually strengthen the integrated information system across government levels and ministries or agencies, which is supported by complete and accurate as well as regularly and continuously updated data in accordance with the proper mechanism.

In other words, improving the implementation of the social protection program requires strengthening coordination and collaboration between all stakeholders involved, starting from the village government, local government and central government for integrating social protection information systems and continuous updating beneficiaries data. ●

FOCUSSING OVERSIGHT ROLE OF BPK ON THE GOVERNMENT'S POLICY - TO BALANCE GROWTH ACCELERATION AND MAINTAIN A HEALTHY FISCAL SPACE



■ BY **YUSUP SURYADIN**,
PEMERIKSA PADA
SUB AUDITORAT II.A.1

A large budget is needed through a reliable fiscal strategy to accelerate public welfare and other fields. Increasing taxes can solve the financing gap to improve public welfare, which indirectly becomes less attractive for businesses.

There is a need for a continuous effort by the Government to balance accelerating growth and efforts to maintain healthy and sustainable fiscal including prudent debt levels. Indonesia needs to catch up in various fields, including public welfare immediately. Like other parts of the world, our country is in the midst of a fast-moving world. It is similar to the concept of people standing on a treadmill machine that keeps going. If we stay in place, we are moving reversed or even fall, sometimes harshly.

Nevertheless, Indonesia Government realizes that on many levels, Indonesia has been left behind compared with peer countries. For example, although considered significant in terms of population, Indonesia is ranked 107 amongst other countries on Human Development Index as the fifth most populated country globally. So, the national objective is to advance public welfare and educate the nation, as mentioned in the Indonesian Constitution Preamble, not met.

A large budget is needed through a reliable fiscal strategy to accelerate public welfare and other fields. Increasing taxes can solve the financing gap to improve public welfare, which indirectly becomes less attractive for businesses. High taxes are suspected to be a counter-incentive for economic growth itself. Another alternative is through financing with state debt, either in loans or state securities. However, debt has consequences, including debt costs and interest that will burden fiscal space as future payments. Indonesia has expressly set budgetary limits in the form of a deficit limited to a maximum of 3% of Gross Domestic Product, and debt is limited to a maximum of 60% of GDP. The Government needs to be held accountable for managing its public debt. Several risks haunt debt management, including solvency and vulnerability risks that affect fiscal sustainability in the long run. The trauma of past crises, the media, and the public have given extra concern to the rise of Public Debt. Even Indonesia's Public Debt level is below 60% of GDP, and we have to realize that trend of debt growth is rising due to the need to fill the fiscal gap to accelerate growth.

BPK, as an external audit for the Government, has a significant role in conducting state finance audits, given transparency and accountability in managing resources, including public expenditures and public debt. In carrying out its constitutional duties, the BPK examines state finances through financial audits, performance checks, and audits with specific objectives. Besides these oversight functions, BPK also conducts insight and foresight functions as SAI to demonstrate ongoing relevance by responding appropriately to the challenges of citizens, the expectations of different stakeholders, and the emerging risks and changing environments in which audits. This principle, as stated in INTOSAI Principles-12, "The Value and Benefits of Supreme Audit Institutions—making a difference to the lives of citizens." Most of BPK's output nowadays is to oversee the Government's accountability on its duty.

Generally, the objective of the audit is to give an independent opinion on the financial statements of the audited entity. The audit opinion includes whether the financial statements show an accurate and fair view and have been prepared adequately under accounting standards. Besides that, auditing is conducted to monitor the Government's role, especially in managing a budget and its accountability.

BPK realizes that fiscal policy is a complex task to do. So oversight of its policy needs to be done on each perspective following fiscal functions: expenditures, revenue, cash management, and debt.

The critical state expenditure or spending audit is necessary for maintaining state finances' accountability. In addition to preventing and detecting fraud, audits of state expenditures also support that the objectives of state spending are realized. Besides conducting regular audits periodically, BPK in 2017 has also completed a performance audit on the quality of government spending. The audit concluded that the management of central government expenditure in performance-based budgeting is less effective. The conclusion considers that the spending quality, among other things, has no specific and explicit arrangements outlining the definition and indicators. Another issue of the public spending on the audit is there are yet unclear allocations of Mandatory Spending regarding programs, activities, and outputs on the education and health budget, which is quite large (20% allocation for education and 5% for the health sector of total fiscal spending allocation).

State revenue plays a vital role in the governance of state finances. With effective management of state revenues and the absence of fraud, sources of financing for the operation of a country can be guaranteed. In addition, especially related to taxes, professional management can increase public confidence as taxpayers. Several times, the Government has reformed taxation policies, including providing incentives such as tax holidays, tax sunset policies, and tax amnesty. Since Indonesia's tax ratio is lower than other countries, we need to evaluate these policies comprehensively.

BPK periodically conducts audits of state revenues, including taxes, through the annual financial audit. In particular, BPK has completed audits with specific objectives on the administration of accounts receivable, tax collection, and management of confiscated goods. The audit concluded that there were many weaknesses in internal control and compliance with the laws and regulations of the Directorate General of Taxes in carrying out the administration of the audit object.

Based on the trend analysis of Indonesia's Central Government's debt on the state revenues and GDP from 2010 to 2020, the government debt increase is higher than the increasing state revenues and GDP. No wonder many are paying attention to debt management in Indonesia. BPK conducted a performance audit on government debt management in 2019. The audit concluded that government debt management was ineffective enough to achieve minimal costs and controlled risk. Debt management has also not been effective in supporting fiscal sustainability. Annually, BPK also audits the financial statements of the state treasury, including the account that manages the Government's debt. Thus, BPK has seriously paid attention to accountable and prudent debt management.

The Government's cash management plays an essential role in overall fiscal management. Maintaining effective cash management and avoiding risk is one of the keys to sound fiscal management. In 2016, BPK audited the performance of government cash management within the framework of integrated government financial management. The audit aims to assess the effectiveness of cash management in 2014-2016, which ensures liquidity and optimization of government cash within an integrated financial management framework. The audit results show that the functions, cash planning management, and cash balance management, have not been effective in ensuring liquidity and optimizing government cash in an integrated financial management framework.

BPK's audit either expenditure, revenue, debt, and cash management hold essential roles in balancing the consequences of growth acceleration and maintaining a healthy fiscal space. It is necessary to sharpen future recommendations. Besides that, considering that almost all crucial aspect has been audited, it is essential to ensure the monitoring process of follow-up the audit findings.

BPK has a more significant role in ensuring accountability for expenditure, income, debt, and cash management. We hope that with the BPK's role, the national goal of increasing intelligence and realizing people's welfare can be balanced with a safe fiscal space. This role is fulfilled by maintaining accountability, learning the effectiveness and efficiency of program implementation, and complying with regulations.

Then, in addition to the role of foresight through audits, strengthening the part of BPK can also be carried out with oversight and insight. We can't deny that the primary role of BPK is on the part of foresight so that we can focus on the audit process first, without leaving insight and foresight process. ●



■ BY **RONI SITORUS, PHD,**
INSPEKTORAT UTAMA

ENTERPRISE RISK MANAGEMENT (ERM) AND ITS IMPACT ON THE BPK'S ORGANIZATIONAL LEARNING CAPABILITIES

Communication needs to occur regularly, openly, and formally to ensure that all stakeholders are aware of the risks and response strategies. Open communication allows all stakeholders to contribute to the risk management process and creates a culture of engagement in the risk management process.

In this article, we start our discussion by exploring the definition of risk. Once we have a better understanding of what risk is, we will be able to develop a solid understanding of what risk management is all about and how it impacts on the BPK's organizational learning capabilities.

Whether you are a manager, an auditor, an Echelon 2, or an Echelon 1, your ability to identify, assess, and manage risk will have a direct impact upon the successful achievement of your objectives. In the Indonesian public sector, poor risk management practices often result in negative economic performance, diminished reputation and other social consequences. Risk management can also be applied to a variety of different organizational contexts, ranging from the strategic to operational levels.

When people think about risk management, they often think of danger, perhaps an image of a chaotic scene. These visuals communicate anything but effective risk management. The word risk can create some level of anxiety because risks typically are unknown and uncertain.

Working as government auditors, we cannot simply sit back and hope that bad things will not happen. For us, hope is not a contingency plan. We need to manage risk appropriately and start as early as possible. We need to change our mindset when dealing with risk. Risk is part of our activities and should not be feared, but rather embraced and managed.

Basically, risk is like a coin. It has two sides. Risk can be negative or risk can be positive.

Positive risk is referred to as opportunity. Both types of risks come from an uncertain future event. Therefore, risk is best defined as the uncertainty on the achievement of the objectives.

Since 2018, BPK has been implementing risk management. BPK developed the risk management policy and guideline based on the IS 31000, the international standard on risk management. The risk management policy and guideline govern and direct a uniform approach to managing risk in different organizational settings. Risk management is defined as the systematic application of management policies, procedures, and practices to the tasks of establishing the context, identifying, analysing, assessing, treating, monitoring, and communicating risks, with a view to reducing the negative or alternatively, enhancing the positive impact on the organisation.

The risk management process in BPK requires a relationship between the elements of the organization. The risk management also requires commitment from everyone because it is a continuous activity, rather than a static event or once-off activity. Constant monitoring and controlling of these uncertainties and managing the possible risk exposure is part of ensuring successful BPK's strategies delivery within the triple constraints of schedule, cost, and quality.

A common error or misconception is the belief that, once the risk management process has been undertaken and complied with, the job is done. As a result, the risk work becomes no more than a tick-the-box compliance type exercise.

However, risk management should be viewed as a dynamic process that is designed to contribute to organizational success. It provides key stakeholders with greater insights into potential risks and their impact on the achievement of project objectives. In other words, the application of the risk management process demands continual review and modification, to keep up with potential challenges and risks, as well as opportunities, in order to be effective. For example, in the beginning of a project, there are usually high levels of uncertainty as a result of insufficient detail information. However, as a project commences, further information becomes available, changing previous assumptions, which in turn, creates new uncertainties. Our natural response to the changing landscape should be to revisit and update our risk profiles to reflect these changing circumstances. Once the risks have been reassessed, we need to decide how we will respond to each risk. When we consider a risk response, we are developing several response options and determining from these options what the preferred course of action might be to enhance opportunities and reduce threats to the project's objectives. Generally, there are four approaches observed as regards the treatment of risk, which are mitigate, accept, avoid, and transfer the risk.

The first option available to you is to mitigate the risk. Mitigate the risk indicates that you will be putting into place actions or controls that are aimed at reducing that risk. This is often referred to as treating the risk. It is an awareness that the risk cannot be avoided, but there are things that can change or put into place to alleviate its impact. Treating the risk might involve improving structures within your project or organisation, or implementing processes and procedures.

The second approach is to accept the risk. This option requires acceptance of the risk as it stands. This means that we are not going to put into place any specific actions to reduce the risk. We acknowledge the risk and feel comfortable enough to move ahead in an informed way. This is generally applied to low-risk situation, where the cost of control is higher than the impact of the risk.

The third approach is to avoid the risk by not doing the activities that would cause risk. This is generally applied in relation to high-risk scenarios, where the impact could be devastating.

The last approach is to transfer the risk. This is also known as sharing of risk. Risk is transferred

or shared by way of insurance or by assigning responsibility of that risk to another party, such as a contractor or agency, who will then become responsible for dealing with it so that it does not affect the organisation's outcomes.

Risk responses do not happen in a haphazard manner. Every approach needs a starting point and options should be viewed in a structured manner. This will make the decision-making process easier and more acceptable. Risk responses should also be carefully aligned with the organisation's priorities and outcomes.

The next stage of the risk management process is communication. After identifying, assessing, and developing risk responses, we need to communicate our risk management strategy to the relevant stakeholders. Communicating the identified risks, risk assessments, and risk responses to the relevant stakeholders is the most important activity in executing a successful risk management strategy. Communication needs to occur regularly, openly, and formally to ensure that all stakeholders are aware of the risks and response strategies. Open communication allows all stakeholders to contribute to the risk management process and creates a culture of engagement in the risk management process.

Risk management process also encourages BPK's managers to share risk-related information in order to find the best solution in mitigating a risk. By implementing the enterprise risk management system, BPK's managers are encouraged to use knowledge and experience gained from the risk management process and the BPK's performance information in order to make better organizational decisions. The capability to learn becomes more important in the BPK due to its role as the only government's external auditor.

Organizational learning develops knowledge from past actions to deliver more effective future actions. The BPK's enterprise risk management system can foster the organizational learning capabilities by accelerating the information-processing activities to gain competitive advantage. Organisations that have a supportive context, culture, and structure for learning are able to convert individual knowledge into group knowledge. Over time, group knowledge can become a culture and institutionalised into routines that eventually shape individual learning. This feed-forward and feedback interplay has enabled learning flow among individual, group, and organizational learning. ●

1-2
Awarding of President's Merit to the Chairman of BPK Agung Firman Sampurna, BPK Board Member I Hendra Susanto, April 12, 2022.



3-4
The conferment of the Certified State Finance Auditor (CSFA) professional title to the top leadership of the Indonesian Air Force, namely the Air Force Chief of Staff (Kasau) Air Marshal Fadjar Prasetyo and the Air Force Inspector General (Irjenau) Junior Air Marshal Agung Handoko by the Chairman of the BPK Agung Firman Sampurna and BPK Board Member I Hendra Susanto at TNI AU Headquarters, Cilangkap, April 12, 2022.

5
Audience of the Chairman of BPK Agung Firman Sampurna with UI Chancellor Ari Kuncoro, April 12, 2022.



6-7
The inauguration of the Guest House was attended by BPK RI Leaders, April 19, 2022.

8
The Ramadhan Chairman Bazaar was attended by the Chairman of BPK, Firman Sampurna, BPK Vice Chairman Agus Joko Pramono, BPK Board Member I Hendra Susanto, BPK Board Member VI Nyoman Adhi Suryadnyana, BPK Board Member VII Daniel Lumban Tobing, April 14, 2022.

9-10
The provision of Ramadan assistance was attended by BPK Vice Chairman Agus Joko Pramono and his wife, April 22, 2022.





11
DPR chairman Puan Maharani led a plenary meeting to ratify the elected BPK members, Isma Yatun and Haerul Saleh, March 29, 2022.



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12-14

The inauguration of the AKN IV workspace was attended by BPK Board Member IV Isma Yatun, March 29, 2022.

15

BPK Board Member I Hendra Susanto, handed over the Certified State Finance Auditor (CSFA) certification to the Inspector General of the Indonesian Navy (Irjenal), Sunaryo, at the Neptune Headquarters Building, Jakarta, April 8, 2022.

16

Audience of BPK Board Member III Achsanul Qosasi with Minister of Agrarian Affairs and Spatial Planning/National Land Agency (ATR/BPN) Sofyan A Djalil, April 11, 2022.



16

17

BPK Board Member III Achsanul Qosasi attends the AKN III Consignment in Bandung, March 30-31, 2022.

18

Stakeholder communication forum attended by BPK Board Member VI Nyoman Adhi Suryadnyana and Chancellor of Universities in the Western Region, April 11, 2022.



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19-20
Halal bihalal (a gathering for asking forgiveness) of BPK Leaders and Employees, May 18, 2022.

21-22
BPK Chairperson, Isma Yatun, meets Employees at Central Java Regional Office, May 3, 2022.

23-24
BPK Chairperson, Isma Yatun, attends the commemoration of Kartini Day with the Association of BPK Board Members' Wives (IKISTRA) and members of Woman Association (Dharma Wanita Persatuan) of the BPK Secretariat General, April 25, 2022.

25-26
Halal bihalal BPK Vice Chairman Agus Joko Pramono and spouse and Directorate General of Planning, Evaluation and Development of State Financial Audit, May 10, 2022.



25



26



27-28
BPK Chairperson, Isma Yatun, hands the Audit Report of the Central Government Financial Statements (LKPP) Fiscal Year 2021 to the House of Representatives at the Plenary Session in Jakarta, Tuesday, June 14, 2022. BPK provides unqualified opinion on the LKPP.



29
The handover of the Audit Report of the LKPP FY 2021 by BPK Chairperson, Isma Yatun, to the House of Representative Council (DPD), Wednesday, June 15, 2022. The LKPP consolidates 87 financial statements of Ministries/Institutions' and one of the State General Treasurer (LKBUN).

30-31
BPK Chairperson, Isma Yatun, and Board Member I, Nyoman Adhi Suryadnyana, are present at Eid prayer of 1443 H, Mei 2, 2022.

32
The handover of the Audit Report of West Kalimantan Province by BPK Board Member I, Nyoman Adhi Suryadnyana, May 13, 2022.

33
BPK Board Member VI, Pius Lustrilanang, delivers the Audit Report of West Papua Province in Manokwari, May 10, 2022.

34
The handover of the Audit Report of North Sulawesi Province by Board Member VI, Pius Lustrilanang, in Manado, May 13, 2022.



35

Chairperson of the Audit Board of the Republic of Indonesia (BPK), Isma Yatun, gave a lecture with the theme “Accountability for Management and State Finance Audit”, to the participants of the School of Staff and High Level Leadership (Sespimti) of the Indonesian National Police (Polri), in Bandung, West Java on June 24, 2022.



36

Audit Board of the Republic of Indonesia (BPK) provides an Unqualified Opinion (WTP) on the Financial Statements (LK) for the 2021 Fiscal Year to ministries, agencies, and other bodies within the Directorate General of Audit V (AKN V), 27 June 2022. Chairperson of BPK, Isma Yatun, as an Acting Board Member V, said that this achievement shows commitment and real efforts in encouraging improvements in state financial management. Present at this handover are the Minister of Religion, Yaqut Cholil Qoumas, Deputy Minister of Home Affairs, John Wempi Wetipo, and Director General of Audit V (Tortama KN V) BPK, Akhsanul Khaq, as well as other officials and invitees.



37-39

Consultation meeting between BPK RI Leaders and BAKN DPR RI, 16 June 2022. The meeting was attended by Vice Chairman, Agus Joko Pramono, Board Member I, Nyoman Adhi Suryadnyana, and Board Member II, Daniel Lumban Tobing.





40-41
Board Member I, Nyoman Adhi Suryadnyana, attended the National Police Planning and Development Meeting (Musrenbang) which was held at The Tribrata Darmawangsa on June 14, 2022.



42-43
Board Member VII, Hendra Susanto, attended the "Role Socialization, Duties and Functions of BPK in Supervision of Village Fund Management" at the Multipurpose Building, Way Kanan Regency, Lampung. Also attending in the event, Commission XI of the House of Representatives in Lampung on 27-28 June 2022.

44
The submission of the DI Holding Defense Performance Audit Report was attended by Board Member VII, Hendra Susanto, on 23 June 2022.



45-46
The 2022 Pre-Coordination Meeting (Rakor) of BPK employees (closing audit) was attended by Director General of Planning, Evaluation, and Development, B Dwita Pradana, on June 24, 2022.

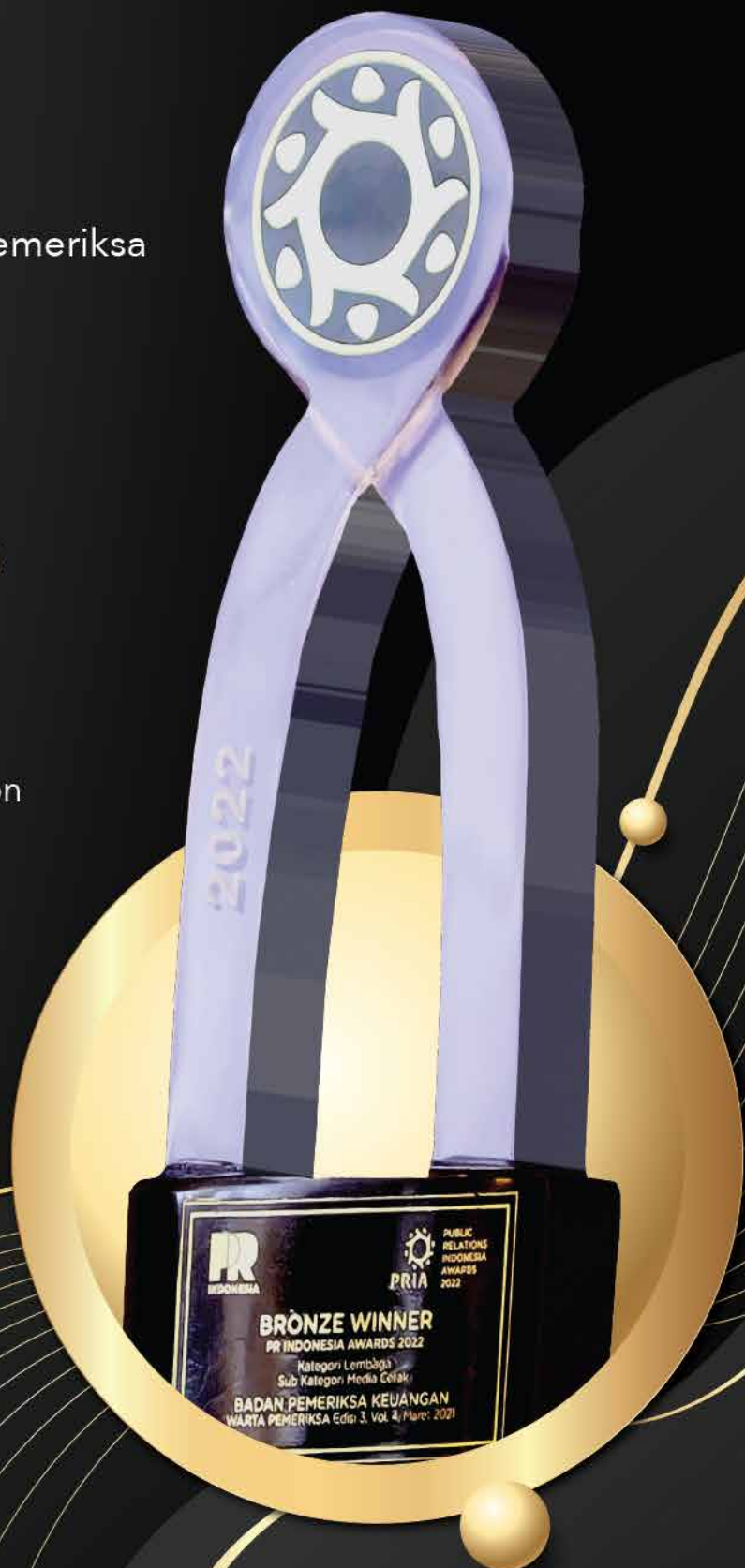
47-48
Routine Religious Study of Board Members' Wives (Ikstra) and Women Employees (DWP) of Secretariat General Group VII (AKN III and HR Bureau) on 23 June 2022.



Monthly magazine Warta Pemeriksa
received an award at

The 7th Public Relations Indonesia Awards (PRIA) 2022

Held in Central Java,
the award ceremony was held on
March 25, 2022.



SAI20 is initiated during the Indonesia G20 Presidency 2022 as an engagement group of G20. It is a forum for the Supreme Audit Institutions of G20 member countries to meet and discuss matters relevant to SAIs, and identify insights gained from their assurance activities. SAI20 is built in the spirit of INTOSAI-P12 on Value and Benefits of SAIs; making a difference to the lives of citizens.



PRIORITY ISSUES for 2022

- 1
Accelerating Economic Recovery
- 2
Supporting the Sustainable Development Goals (SDGs)

OBJECTIVES

Promote collaboration among 1 SAIs in G20 countries and other 2 stakeholders to contribute oversight, insight and foresight to foster accountable economic resilient governance.

Develop a platform for strengthening SAI's role as a partner of G20 member states in responding to global issues.

INCLUSIVENESS

SAI20 consistently explores opportunities for inclusiveness and collaboration to support resilient governance and achieve the 2030 agenda. SAI20 also intensively manage the dialogue and international cooperation to come up with best practices and recommendations to solve the problems presented by the current challenging global situation. To do so SAI20 is committed to echoing and voicing the initiatives of the INTOSAI Community.

SUSTAINABLE DEVELOPMENT GOALS



ACTIVITIES IN 2022

- 

Bali
26-27 January

 - SAI20 Technical Meeting
- 

Labuan Bajo, NTT
17 June

 - SAI20 Seminar
- 

Labuan Bajo, NTT
21-22 June

 - SAI20 Senior Officials Meeting
- 

Bali
29-30 August

 - SAI20 Summit

OUTPUT

- Agreed issue note
 - Draft RoP
- Insight from stakeholders on SAI20 priority issues
- Endorsed RoP for adoption
 - Zero Draft of SAI20 Communique
- Adopted RoP
 - Communique