



Continue Providing Legacy for Indonesia

BPK CONTINUES ASSISTING GOVERNMENT
THROUGH COVID-19 EMERGENCIES.

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KEUANGAN



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The beginning of the year has always been the special momentum for the audit board of the Republic of Indonesia (BPK) due to the fact that BPK always starts the new year together with their anniversary which is commemorated on January the first. And for this year, BPK is on its 76th.

"Within the last 76 years of its service in Indonesia, BPK has not only examined the management and the accountability of state finances but also ensured that the state finances are used efficiently, effectively and accountably to realize good governance. Thus, the development carried out can be beneficial for improving people's welfare in order to realize an advanced Indonesia," said Indonesian President Joko Widodo.

"Makin Kuat, Makin Hebat" becomes the main topic in the commemoration of BPK anniversary this year. It was chosen to reflect the hope and determination to make BPK stronger in carrying out their duties of inspecting the state's finance.

Since its formation on January 1, 1947, BPK has played a role continuously in encouraging the achievement of the state's goal through the audit function mandated by the constitution. "It is also getting better by providing the best work and benefits for all the people of Indonesia" stated by BPK's chairman, Isma Yatun, at the commemoration ceremony of BPK's 76th anniversary, at the BPK head office, Jakarta, Tuesday (17/1/2023).

The information prepared by the editorial team in this edition is an essential note of BPK's journey throughout 2022. It was started by a series of routine audits carried out to holding the Supreme Audit Institution (SAI)20 in Bali, last August. BPK has achieved several achievements over the past year.

It involved BPK's brilliant achievement at the international level where BPK chairman was elected as the Chair of the Panel of External Auditors of the United nations, the Specialized Agencies and the International Atomic Energy Agency for the 2023 period.

Another note, in 2022 BPK continued its effort to conduct state financial audits by prioritizing the basic values of integrity, independence, and professionalism. In inspecting the financial performance and compliance from 2005 to the first semester of 2022, BPK has submitted 660,894 recommendations to the audited entities with a recommendation value of IDR 302.56 trillion.

Warta Pemeriksa The first edition in English for 2023 has also discussed BPK's spirit regarding the digitalization. Currently, BPK is trying to change the various business processes from what was originally traditional into more digitalized and to enter the digital transformational phases.

In the Sorotan rubric, it is described that there are substantial differences between digitalization and digital transformation. Digitalization is an effort to change business processes from manual ones to using information systems. Meanwhile, digital transformation is beyond.

In digital transformation, people are able to eliminate work space and time. They can work anywhere and anytime, without having to wait for the office to open, without waiting to be in the office, without waiting to gather with co-workers.

There is still a lot of other fascinating information that the editorial team has prepared in this edition. Enjoy. ~



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BPK continues assisting government through Covid-19 emergencies.



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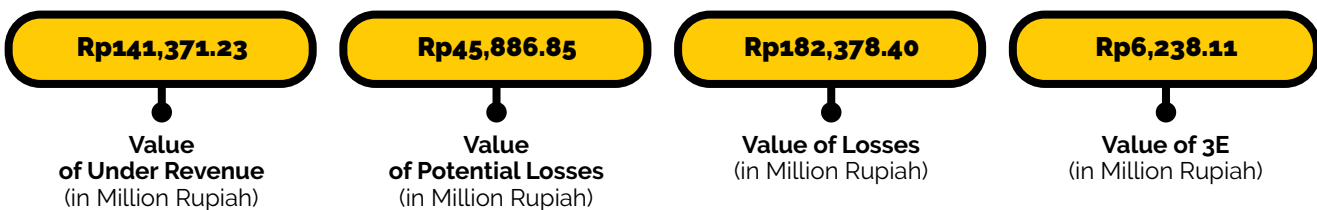
Performance Highlight 2022



>> Directorate General of Audit I

Number of Findings: **440**

Number of Recommendations: **1,106**



Total Value: 375,874.59 (in Million Rupiah)

AUDIT ACTIVITIES



ENTITIES AUDITED

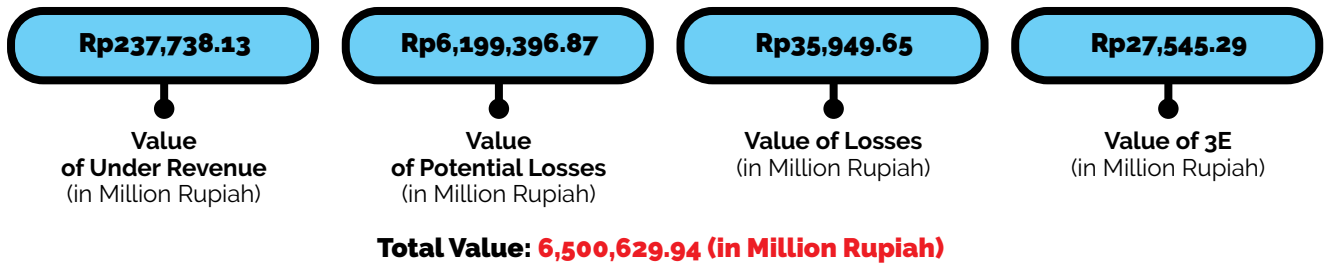


As well as institutions formed and related to the entity's environment.

>> Directorate General of Audit II

Number of Findings: **460**

Number of Recommendations: **1,221**



AUDIT ACTIVITIES

27 Total LHP of Financial Audit



8 Total LHP of Performance Audit



12 Total LHP of DTT Audit

ENTITIES AUDITED

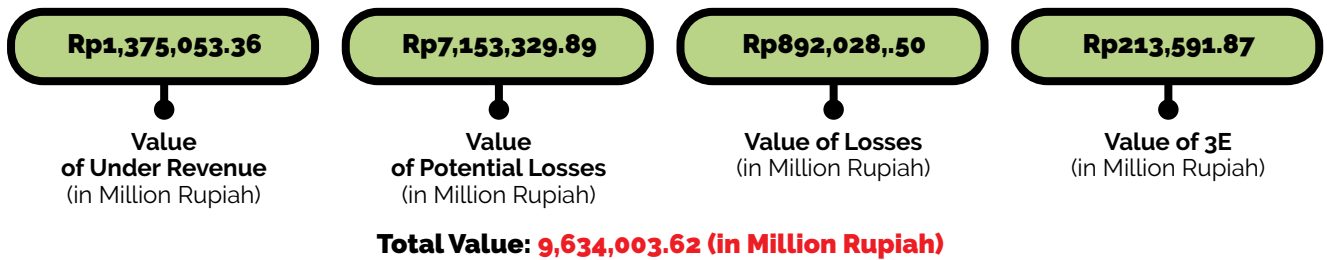


As well as institutions formed and related to the entity's environment.

>> Directorate General of Audit III

Number of Findings: **847**

Number of Recommendations: **2,361**



AUDIT ACTIVITIES

48 Total LHP of Financial Audit



13 Total LHP of Performance Audit



17 Total LHP of DTT Audit

ENTITIES AUDITED



As well as institutions formed and related to the entity's environment.

>> Directorate General of Audit IV

Number of Findings: **259**

Number of Recommendations: **669**

Rp12,805,320.01

Value of Under Revenue (in Million Rupiah)

Rp270,272.74

Value of Potential Losses (in Million Rupiah)

Rp270,476.84

Value of Losses (in Million Rupiah)

Total Value: 13,346,069.59 (in Million Rupiah)

AUDIT ACTIVITIES

30 Total LHP of Financial Audit



5 Total LHP of Performance Audit



7 Total LHP of DTT Audit

ENTITIES AUDITED



As well as institutions formed and related in the entity's environment.

>> Directorate General of Audit V

Number of Findings: **5,500**

Number of Recommendations: **15,965**

Rp667,376.07

Value of Under Revenue (in Million Rupiah)

Rp386,547.59

Value of Potential Losses (in Million Rupiah)

Rp1,080,060.15

Value of Losses (in Million Rupiah)

Rp73,716.27

Value of 3E (in Million Rupiah)

Total Value: 2,207,700.08 (in Million Rupiah)

AUDIT ACTIVITIES

293 Total LHP of Financial Audit



154 Total LHP of Performance Audit



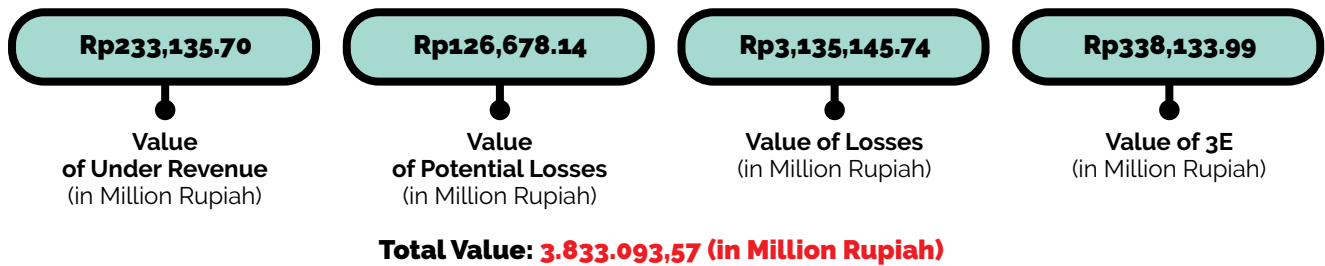
72 Total LHP of DTT Audit

ENTITIES AUDITED



Regional financial management and responsibility in Provincial, Regency, City Governments and Regional Owned Enterprises in Region I (Sumatra and Java) as well as institutions formed and related to these entities.

>> Directorate General of Audit VI

Number of Findings: **5,232**Number of Recommendations: **14,261**

AUDIT ACTIVITIES

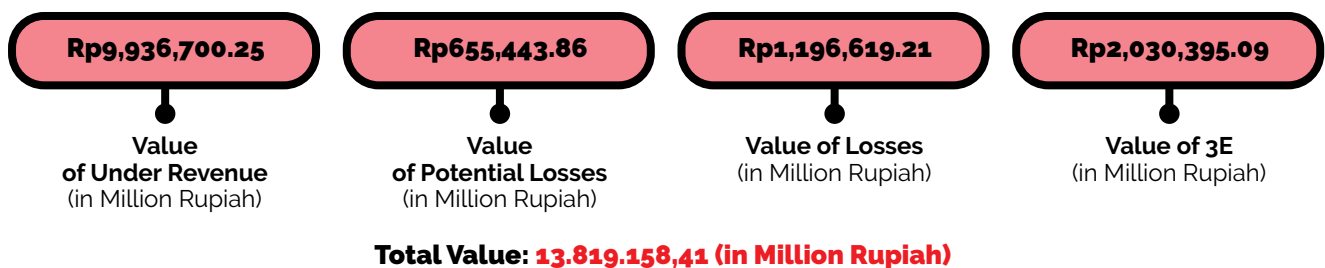
263 Total LHP of Financial Audit >> **159** Total LHP of Performance Audit >> **59** Total LHP of DTT Audit

ENTITIES AUDITED



Regional financial management and responsibility at Provincial, Regency, City Governments and Regional Owned Enterprises in Region II (Bali, Nusa Tenggara, Kalimantan, Sulawesi, Maluku, and Papua) as well as institutions formed and related in the entity's environment.

>> Directorate General of Audit VII

Number of Findings: **975**Number of Recommendations: **2,492**

AUDIT ACTIVITIES

2 Total LHP of Financial Audit >> **6** Total LHP of Performance Audit >> **65** Total LHP of DTT Audit

ENTITIES AUDITED



State Owned Enterprises and its subsidiaries, as well as institutions formed and related to these entities.

➤➤ Directorate General of Investigation Audit

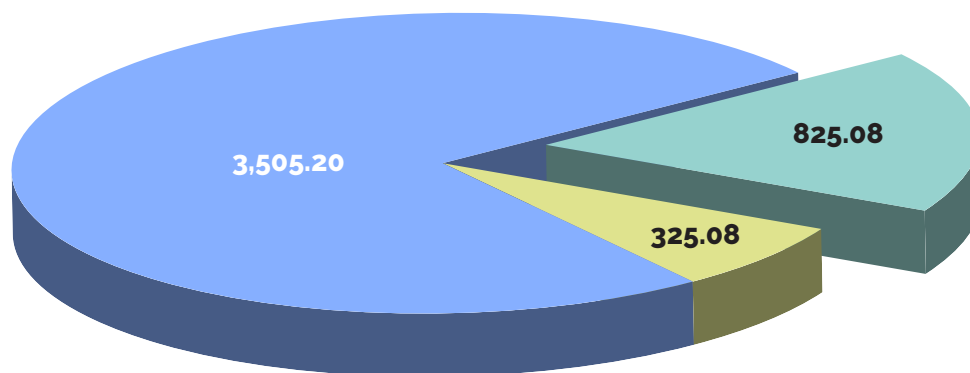
AUDIT ACTIVITIES

	State Loss Calculation	Provision of Expert Statement at Full Investigation Phase	Provision of Expert Statement at Trial
Central Office	5	45	11
Regional & Regional Owned Enterprises (BUMD)	28	61	87
State Owned Enterprises (BUMN)	7	48	69
Total	40	154	167

Score State/Regional Losses (in Billions)

- Central Office
- Regional & BUMD
- BUMN

Total: 4,655.36



UTILIZATION OF PI/PKN/PKA REPORTS BY AUTHORIZED AGENCIES IN THE CONTEXT OF LAW ENFORCEMENT

50 Utilization of Reports Investigative Audit (PI) Results



- **18 LHP PIs** are used for the preliminary Investigation Phase
- **32 LHP PIs** are used for the full Investigation Phase

604 Utilization of the State Loss Calculation Result Report (PKN)



- **98 PKN LHP** is used for the Full Investigation Phase
- **506 PKN LHP** is used for the completed Investigation Phase (P-21)

618 Utilization of Provision of Expert Information (PKA) in Trials



- **618 PKA** is used in Public Prosecutor's Prosecution

Continue Providing Legacy for Indonesia

BPK CONTINUES ASSISTING GOVERNMENT THROUGH COVID-19 EMERGENCIES.



■ BPK Chairman Isma Yatun in a speech during the submission of IHPs Semester II of 2021 to representative institutions.

Due to the Covid-19 pandemic, Indonesia went through tough times. The challenges from health, economy, education, welfare, food, and other crucial sectors affected all elements of society.

The continuing crises demanded government to take immediate and unusual responses, such as reallocating public budget to address the pressing priority impacts.

This has brought new challenges to the Audit Board of the Republic of Indonesia (BPK) considering that in such crisis, there may be ample opportunities to abuse state finances. Thus, a fast and effective response is needed.

BPK has a strategic role in encouraging the government to implement development policies and strategies formulated in the 2020-2024 RPJMN (Medium-Term National Development Plan). In fact, BPK's 2020-2024 Strategic Plan refers to the abovementioned RPJMN.

After a couple of years living in pandemic, Indonesia is starting to rise back to normal life. BPK is proud to be able to assist the government through the emergency period during the Covid-19 pandemic.

In semester II of 2021, BPK conducted thematic audit on two national priorities, namely strengthening economic

resilience and developing human resources. "BPK continues to work hard to encourage the realization of effective, accountable and transparent state financial governance in accordance with statutory provisions and international best practices," said BPK Chairperson Isma Yatun in a speech during the submission of the IHPs Semester II of 2021 to the House of Representatives.

Accountability and transparency in the use of state funds during times of crisis can be seen from opinions assessing the quality of state budget/financial accountability. For FY 2021, BPK has given Unqualified Opinion (WTP) to 83 ministries/agencies (K/L) from a total of 87 K/L, and to 500 local governments from a total of 542 existing local governments.

UNQUALIFIED OPINION ON BUDGET ACCOUNTABILITY PROVIDED BY BPK FOR 2021

Unqualified opinion given to **83 Ministries/Agencies** from a total of **87 Ministries/Agencies**.



And **500 regional governments** from a total of **542 regional governments**.

Accountability and transparency in the use of state funds during times of crisis can be seen from opinions assessing the quality of state budget/financial accountability. For FY 2021, BPK has given Unqualified Opinion (WTP) to 83 ministries/agencies (K/L) from a total of 87 K/L, and to 500 local governments from a total of 542 existing local governments.

Accountability and transparency in the use of state money have produced good outputs and outcomes, especially for people's welfare. It is recorded that poverty and unemployment rates are falling after previously rising to double digit due to the pandemic. In fact, Indonesia recorded an extraordinary recovery of economic growth in the first and second quarters of 2022 at a time when the rest of the world was currently weakening.

As conditions are getting better, we constantly hope and pray that all collaborative efforts made in handling Covid-19 pandemic can help Indonesia in recovering faster and stronger.

BPK's dedication received appreciation from President Joko Widodo (Jokowi), particularly related to the synergy between BPK and the government in dealing with crises. "BPK has maintained the synergy between the quality of state financial governance and flexibility in dealing with crises. This really helps the government," said Jokowi in his State Address at the 2022 People's Consultative Assembly (MPR) Annual Session at the Parliament Complex, Jakarta (16/8/2022).

BPK'S AUDIT RESULTS

In 2022, BPK continued its efforts in conducting audits of state finances by prioritizing the basic values of integrity, independence and professionalism. In the performance and financial compliance checks from 2005 to first semester of 2022, BPK submitted 660.894 audit recommendations to audited entities with a recommendation value of IDR 302.56 trillion.

Cumulatively up to Semester I of 2022, entities have followed up on BPK's recommendations

**BPK
Recommendations**

From 2005 to Semester I of 2022, BPK has submitted **660.894** audit recommendations to audited entities with a recommendation value of **IDR 302.56 trillion.**

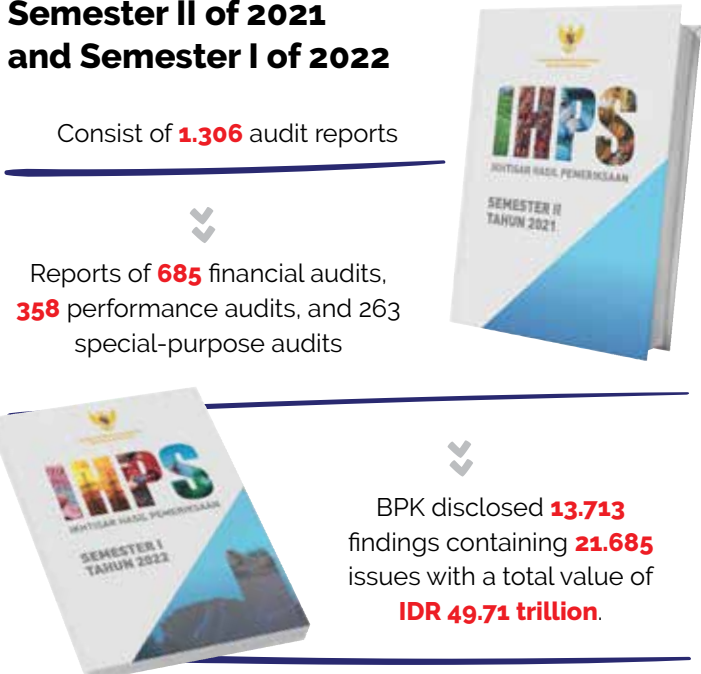


BPK has maintained the synergy between the quality of state financial governance and flexibility in dealing with crises. This is very helpful for the government.

by depositing money and/or transferring assets to countries/regions/companies with total value of IDR 124.60 trillion. This achievement demonstrates the benefits of BPK's audit results which can be measured in money as well as a manifestation of the entity's commitment in realizing a more transparent and accountable management of state finances to achieve national goals.

For readers' information, one of BPK's performance indicators is through the Summary of Semester Audit Report (IHPS). For Semester II of 2021 and Semester I of 2022, the Report contained summaries of 1.306 audit reports, which consisted of 685 financial audit reports, 358 performance audit reports, and 263 special-purpose audit reports. BPK disclosed 13.713 findings containing 21.685 issues with a total value of IDR 49.71 trillion.

Summary of Audit Reports Semester II of 2021 and Semester I of 2022



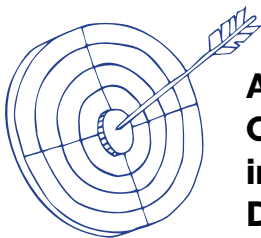
From the IHPS, we can also see the monitoring status of state/regional compensation completion for 2005 to Semester I of 2022 valued at IDR 4.56 trillion. The monitoring shows that IDR 2.26 trillion has been paid back, IDR 365.22 billion in installment process, and IDR 84.68 billion in write-offs. Therefore, there is still a remaining loss of IDR 1.84 trillion or 40% of the total cases of state/regional losses.

Settlement of State/Regional Compensation for 2005-Semester I of 2022

- ➔ Set at **IDR 4.56 trillion**.
- ➔ Repayment of **IDR 2.26 trillion** made.
- ➔ Installment process of **IDR 365.22 billion**.
- ➔ Write-off of **IDR 84.68 billion**.
- ➔ A remaining loss of **IDR 1.84 trillion** of **40%** of the total cases of state/regional losses.



BPK plays a role in efforts to eradicate corruption by conducting investigative audits. During periods of 2017 to Semester I of 2022, BPK issued 25 investigative audit reports, with an indication value of state/regional losses of IDR 31.55 trillion and have been reported for further investigation process.



Achievement of Unqualified Opinions Exceeds Target in National Medium-Term Development Plan

Ministries/Agencies



Provincial Governments



Municipal Governments



District Government



■ Target 2020-2024 ■ Achievement in 2021 Source: IHPS I 2022

Evidence of BPK’s performance can also be seen from awards given by the Ministry of Finance (MoF). MoF congratulates BPK for having achieved an Unqualified Opinion (WTP) on the 2021 financial statements, after 15 WTP in a row since 2007.

Additionally, at the end of 2022, BPK received another award. This time, 4 titles of Clean and Serving Bureaucratic Area (Wilayah Birokrasi Bersih dan Melayani – WBBM) in the Integrity Zone Development (Pembangunan Zona Integritas – ZI). With these titles, up until 2022, BPK has a total of 7 work units with WBBM title. The units are Investigative Audit Department, BPK Representative Offices in Jambi Province, Bengkulu Province, Riau Province, East Java Province, South Kalimantan Province, and BPK Training Institute.

BPK’S FOOTPRINTS IN THE WORLD

The year 2022 was the right momentum to realize the principles of collaboration and synergy, because in this year, Indonesia had the opportunity to be the 2022 G20 Presidency. BPK provided support and contribution to the Presidency by initiating the Supreme Audit Institution 20. SAI20 is an engagement group (EG) formed in 2022 during the Indonesian Presidency in G20. SAI20 Summit was successfully held in Nusa Dua, Bali, on 29-30 August 2022.

We should be proud of this historic event because SAI20 has become one of the legacies of Indonesia’s G20 Presidency, as stated by Vice President Ma’ruf Amin who attended and opened the SAI20 Summit in Bali (29/8/2022).

“The establishment of SAI20 will be one of the legacies of Indonesia’s G20 Presidency”, he stated. Vice President also added that this is an added value for the global community in building stronger financial governance and effective collaboration between BPK and the government.

The SAI20 Summit ratified the Rules of Procedures (RoP) as a set of internal rules, and 12-point Communique submitted to the Indonesian G20 Presidency to become part of the joint results of G20 country leaders at the November 2022 G20 Summit.

Another brilliant achievement of BPK at the international level is being elected as Chair of the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency for the 2023 period. ~



UNCOVER THE EFFECTIVENESS of the Development of the Tourism Area

BPK CONCLUDED THAT THERE ARE PROBLEMS WHICH, IF NOT ADDRESSED IMMEDIATELY, COULD INTERFERE WITH THE EFFECTIVENESS OF THE DEVELOPMENT AND MARKETING OF THE NUSA DUA AND MANDALIKA TOURISM AREAS.



ITDC.CO.ID

The Audit Board of the Republic of Indonesia (BPK) found a number of problems in the audit of PT Pengembangan Pariwisata Indonesia (Persero) or also known as the Indonesia Tourism Development Corporation (ITDC). This includes the risk that ITDC receives less income than it should.

BPK has carried out a performance audit on tourism area development and marketing activities for the Fiscal Years of 2019, 2020, and up to the third quarter of 2021. The audit was carried out at ITDC and related agencies in DKI Jakarta, Bali, and West Nusa Tenggara (NTB).

As quoted from the Summary of Semester Audit Reports (IHPS) I 2022 it was found that ITDC had made efforts to optimize and develop the Nusa Dua and Mandalika Tourism Areas. This includes preparing a feasibility study and master plan, and compiling a planning roadmap for the development of the Nusa Dua and Mandalika Tourism Areas as outlined in the Company's Long Term Plan (RJPP) for the period of 2019 to 2024. Then, ITDC has also established a deferred payment policy that provides relief from compensation payments on land usage to tenants or investors due to the Covid-19 pandemic.

In addition, ITDC has prepared marketing goals and strategic programs for the Nusa Dua and Mandalika Tourism Areas set out in the RJPP for the 2019 to 2024 period.

BPK concluded that there are problems which, if not addressed immediately, can disrupt the effectiveness of the development and marketing of the Nusa Dua and Mandalika Tourism Areas. The problems raised by BPK included the implementation of development and payment obligations in the Nusa Dua area that were not fully in accordance with the Land Utilization Development Agreement (LUDA). Land use cooperation between ITDC and investors is outlined in LUDA.

LUDA regulates basic/minimum compensation (compensation for land lease) and percentage compensation (compensation for profit sharing for management of commercial facilities) that must be paid by investors to ITDC, payment procedures, construction period, and penalties or fines that must be paid by investors in the event of delays in construction or delays in payment of compensation.

The audit results of the implementation of LUDA indicated that there were delays in the completion of construction in lots C-1, C-4, NW 2-3, SW 4-5, SW-6 and S-5. The penalty for the delay has not been received by ITDC.

In addition, related to the obligation to pay compensation by tenants, due to the impact of the Covid-19 pandemic, ITDC offers a deferred payment scheme for the obligation to pay minimum compensation. With this mechanism, tenants only need to pay 50 percent of the maturity value in the second quarter of 2020 and repay the remaining bill in the following quarter.

The policy was updated in 2021 with the addition of a deferred payment scheme for area fees. However, based on monitoring the collectability of minimum compensation and area fees in 2020, ITDC was only able to obtain payments of Rp99.72 billion (60.88 percent) and until the third quarter of 2021 ITDC only received payments of Rp19.94 billion (24.06 percent) of the total invoice.

As a result, hotels/villa/condominiums/office parks or other commercial buildings in lots C-1, C-4, NW 2-3, SW 4-5, SW-6 and S-5 have not been able to operate on time as scheduled. Not only that, ITDC is at risk of receiving compensation income that is less than it should be, losing potential income from not receiving penalties, delays, and disrupted cash flow since 2020 with the decrease of operating income, most of the components are minimum compensation.

BPK recommends the Board of Directors of ITDC to calculate and collect penalties for delays in the construction of lots in accordance with the provisions in LUDA, take concrete steps to resolve problems with lots C-1, C-4, NW 2-3, SW 4-5, SW-6, and S-5 according to LUDA provisions, monitor the financial capabilities of tenants based on the audited financial statements of each tenant during the period the deferred payment policy is in effect. ITDC also needs to take inventory and take firm steps to resolve the problem of arrears in payments from tenants according to the deferred payment policy.



Until 2021, the composition of land tenure in the Mandalika Tourism Area delineation is approximately 1,250 hectares. This includes 1,172.78 hectares of land owned by ITDC, 6.53 hectares of enclaved land acquired by the Ministry of Tourism and Creative Economy (Kemenparekraf), 15.33 hectares of land under the BPN Decree, and an enclave owned by the community covering an area of 51.65 ha which has not been released by ITDC.



ITDC.CO.ID

LAND PROBLEM

BPK also found that the handling of land problems in the Mandalika Tourism Area was not fully effective. Until 2021, the composition of land tenure in the Mandalika Tourism Area delineation is approximately 1,250 hectares. This includes 1,172.78 hectares of land owned by ITDC, 6.53 hectares of enclaved land acquired by the Ministry of Tourism and Creative Economy (Kemenparekraf), 15.33 hectares of land under the BPN Decree, and an enclave owned by the community covering an area of 51.65 hectares which has not been released by ITDC.

The audit showed that there were several problems related to the handling of land issues, among others, ITDC had not appointed a Land Team that had the task of completing land for investment activities. ITDC also has not developed standard procedures that can be used by the Land Team to handle enclaved land, land claims, or illegal land tenure on ITDC land use rights (HPL) status.

Then, ITDC has not completed according to the target time for land acquisition in 2021 for enclave land in the Central Zone and East Zone, including the enclave land that was acquired by the Ministry

of Tourism and Creative Economy, namely location determination land (Penlok) 2. In addition, ITDC has not settled claims and control by the community on HPL land for infrastructure development investment activities, construction of lots to be marketed, and litigation land of the former Lombok Tourism Development (PT PPL).

This resulted in the progress of infrastructure development projects and the development of lots in collaboration with investors in the Mandalika Tourism Area to be hampered.

BPK recommends the directors of ITDC to establish a Land Team along with a description of their duties and responsibilities, establish a Standard Operational Procedure (SOP) for handling land issues, including handling enclaved land, land claims, and illegal land tenure over the ITDC HPL. Then, ITDC also needs to complete enclave land acquisition and security for HPL land in accordance with the work program and annual targets, as well as settlement of land cases on land with HPL status and coordinate with the Ministry of Tourism and Creative Economy regarding land use agreements in Penlok 2 which have been acquired.

SELECTION OF INVESTORS

Investor selection activities and implementation of cooperation agreements with investors for LUDA in the development of the Mandalika Tourism Area have not been fully effective. The pre-LUDA process is the process of selecting investors by ITDC which starts with a letter of intent (LoI) up to the signing of the LUDA. While the post-LUDA activities carried out by ITDC include monitoring the construction and operation of commercial facilities and collecting compensation payments by investors according to LUDA.

From the audit of the investor selection activities and the implementation of the land use cooperation agreement for LUDA, it is known that there are no regulations requiring that the investor selection process can only be carried out on lots with clean and clear status, as happened in the KGH3 lot (located at HPL 93), KQ1 (located at HPL 04), and KQ2-3 (located at HPL 05). Then, the establishment of a project co (joint venture) between PT PPI and Vinci Construction Grands Projects/VCGP (a subsidiary of a holding company from France which is engaged in land concessions and construction which has been operating in nearly 100 countries) has not been implemented in the framework of cooperation to seek investors to develop commercial activities and infrastructure projects covering an area of 82.8 hectares within the Mandalika Tourism Area.

The lot construction was late, the lot construction implementation guarantee was not billed, receivables for basic compensation payments had not been paid, and percentage compensation had also not been billed. As a result, ITDC's business growth in the development of the Mandalika Tourism Area has not reached the target according to the company's work plan and budget (RKAP).



BPK has recommended to the directors of ITDC to revise the SOP regarding the selection of potential partners for the utilization of fixed assets, particularly regarding the mechanism governing land requirements with clean and clear status in selecting investors, evaluating the selection of investors on land that is not clean and clear.



ITDC.CO.ID

BPK has recommended to the directors of ITDC to revise the SOP regarding the selection of potential partners for the utilization of fixed assets, particularly regarding the mechanism governing land requirements with clean and clear status in selecting investors, evaluating the selection of investors on land that is not clean and clear. Clear, as well as ensuring that the implementation of construction and maintenance guarantees submitted by investors is in accordance with LUDA, and ensuring project co (joint venture) to operate according to the agreement in the LUDA Master.

ITDC also needs to supervise the construction of lots, ensure that the construction is in accordance with the designation and schedule agreed in the LUDA, and collect basic/minimum compensation payments and percentage compensation on lots according to LUDA and deferred payment policies.

The results of the performance audit of tourism area development and marketing activities revealed 15 findings containing 20 problems of ineffectiveness. ~



TOM FISK-PEXELS

Supporting the Provision of Drinking Water Infrastructure for Communities

THE LOCAL GOVERNMENT HAS NOT FULLY REALIZED THE COMMITMENT TO SHARE FUNDS IN THE PAMSIMAS PROGRAM WORTH OF RP45.05 BILLION.

The Audit Board of the Republic of Indonesia (BPK) conducted a Performance Audit on the Provision of Community-Based Drinking Water and Domestic Wastewater Infrastructure from 2020 to Semester I of 2021 at the Ministry of Public Works and Public Housing (PUPR) and other related agencies. This performance audit was carried out because the government had not yet achieved the 2015–2019 National Medium-Term Development Planning (RPJMN) target of access to proper drinking water and access to proper sanitation in 2019.

Until 2019, access to proper drinking water was only 89.27 percent, and access to proper sanitation was 77.39 percent. In the 2020–2024 RPJMN, the government has launched a major project of 10 million House Connections (SR), which is expected to increase access to drinking water as part of the target of 100 percent access to proper drinking water,

including 15 percent of households having access to safe drinking water. Thereafter, households that have access to proper sanitation will increase to 90 percent, including 15 percent of households that have access to safe sanitation.

From the audit, BPK noted the government's efforts and achievements in the effort to provide Community-Based Drinking Water and Domestic Wastewater Infrastructure, including the government having implementing regulations related to drinking water and domestic wastewater, including Government Regulations (PP) and PUPR Ministerial Regulations (Permen), Guidelines and Technical Instructions for the implementation of activities to provide community-based drinking water and domestic wastewater infrastructure as a reference in carrying out planning, implementation, as well as monitoring and evaluation of activity execution.

The government has integrated planning and budgeting for drinking water and sanitation starting from the central government level, local government down to the village level, and has developed a Management Information System (MIS) which is used as a tool to report and monitor program implementation and achievements and as a basis for decision making.

Director General for Human Settlements, Ministry of Public Works and Public Housing, has also established guidelines and technical instructions for monitoring and evaluation, both carried out by the community, the Government, and by consultants. Moreover, the Ministry has built and developed Provision of Community-Based Drinking Water and Sanitation (Pamsimas) MIS and a Community-Based Infrastructure Management Information System for Residential Environmental Health (MIS IBMPLP) as tools for monitoring and evaluating community-based infrastructure programs.

BPK found several significant problems that could potentially interfere with the success and achievements of the Ministry of Public Works and Public Housing in policy and institutional processes, planning, implementation, and monitoring and evaluation of the utilization of community-based drinking water and domestic wastewater infrastructure.

These significant problems are related to policies and institutions. The norms, standards, procedures and criteria (NSPK) governing the provision of community-based drinking water and domestic wastewater infrastructure are not yet fully complete and implementable. Among them, the National Water Supply Roadmap and the National Sanitation Roadmap have not yet been finalized and determined. Moreover, there is no implementing regulation as a derivative of Law Number 17 of 2019 dated 15 October 2019 concerning Water Resources.

In addition, the technical guidelines/instructions governing the provision of community-based drinking water and domestic wastewater infrastructure are not fully in accordance with the regulations above it, including those related to the mechanism for handing over and recording assets of Drinking Water Supply System (SPAM) infrastructure that involve Community Groups.

Then, with regard to planning, the planning process of provision of drinking water, and domestic wastewater system has not been fully prepared

based on adequate data/information, and the Pamsimas program planning has not been fully designed for the accuracy of targeting beneficiaries according to the priorities that have been set.

Regarding the implementation, BPK said that local government had not fully realized its commitment to share funds in the Pamsimas program worth Rp45.05 billion to finance the construction of drinking water facilities in 204 villages. Furthermore, 324 Village Governments have not fully realized its contribution commitment worth Rp11.20 billion.

BPK noted that the implementation of monitoring and follow-up on monitoring results has not been carried out adequately to ensure that the management of the utilization, maintenance, and development of community-based drinking water and domestic wastewater infrastructure goes according to agreed plans and commitments, as well as evaluation of the sustainability of the use of community-based drinking water and domestic wastewater infrastructure has not been carried out adequately.

"Without diminishing BPK's appreciation for the efforts and success of the Ministry of PUPR in the Provision of Community-Based Drinking Water and Domestic Wastewater Infrastructure from 2020 to Semester I of 2021, BPK concludes that if the aforementioned problems are not resolved immediately, it can affect the achievement of national targets that have been set in the Provision of Community-Based Drinking Water and Domestic Wastewater Infrastructure," concluded by BPK in its audit.

BPK recommends the Minister of Public Works and Public Housing in accordance with their authority to immediately undertake corrective actions. Regarding



policies and institutions, BPK recommends that the Director of Water Supply and Director of Sanitation, together with the Ministry of National Development Planning (Bappenas), immediately complete the preparation of the Water Supply and Sanitation Roadmap. Further, the Director of Drinking Water coordinates with related parties to complete the preparation of the SPAM Government Regulations Draft (RPP), the Director of Drinking Water and the Director of Sanitation are recommended to review and improve the provisions in the implementation instructions so that they are fully in accordance with its above regulations, complete, and implementable.

Regarding planning, BPK recommends that the Minister of Public Works and Public Housing instruct the National Management Consultant (NMC) to complete the migration and integration process between servers in a comprehensive and more optimal manner in managing and monitoring the use of the Pamsimas MIS. In addition, the Ministry of Public Works and Public Housing needs to develop an IBMPLP MIS to support optimal policy-making convenience. BPK requests that the parties involved in the evaluation process for determining the target villages for the Community-Based Water Supply Program to carry out the process according to the priorities in the readiness criteria.

Regarding implementation, the Minister of Public Works and Public Housing needs to formulate a policy related to regulation that contain implications that can be given to Local Governments and Village Governments that do not or delay realizing the commitment to share the Local Government Budget (APBD) Community Direct Assistance (BLM) funds or Village Budget (APBDes) contributions to targeted villages State Budget (APBN) BLM program which are their obligations. Furthermore, the Minister instruct the Head of BPPW in each province to actively coordinate with the Regent/ Mayor of local governments that have not yet realized the commitment to share funds and APBDes contributions to Pamsimas program so that they can be immediately budgeted for and realized in the program's target villages according to the list of proposals when submitting the program to the Directorate General of Human Settlement, Ministry of PUPR.

Regarding monitoring and evaluation, Minister of PUPR needs to instruct the Director of Drinking Water to formulate a government policy regarding a better monitoring and evaluation for the sustainability use

of Pamsimas program results, after it ended at the end of 2021. This was done by taking into account a number of things, namely improving the monitoring mechanism to ensure the acceleration of the legality of the application of fees and connection fees, as well as the legality of establishing the management of Drinking Water and Domestic Wastewater Management Group (KPSPAMS) in the context of managing the utilization, maintenance, and development of SPAMS infrastructure by the Village Government.

Then, ensuring follow-up on monitoring results in the form of solving problems found during monitoring to ensure that the management, utilization, maintenance, and development of community-based drinking water infrastructure can proceed according to plan. In addition, conducting studies and reviewing existing technical guidelines related to increasing the capacity of the role of Local Governments and Village Governments by taking into account the financial capabilities of each region, or with a grading system in fulfilling the commitment of APBD and APBDes sharing funds in the provision of Community-Based Drinking Water Infrastructure program to support the achievement of installed SR targets.

Minister of PUPR also needs to instruct the Director of Sanitation to prepare detailed and comprehensive community-based Domestic Wastewater infrastructure provision planning regarding the maintenance scheme, tasks, and cooperative relationships between parties (Local Government and/or Village Government) involved in the maintenance, as well as the consequences that will be received by each party if they do not carry out the duties/contributions/commitments that have been regulated in the Sandes Technical Guidelines.

Furthermore, reviewing the Sandes and Sanimas technical guidelines related to the implementation of monitoring and evaluation of the program in regulating the roles and coordination between parties and procedures, to ensure that the validation and verification of program monitoring and evaluation, both in the current year and infrastructure built in the previous year, in order to ensure program sustainability has been carried out by each responsible party.

For the findings, conclusions, and recommendations provided by BPK, Ministry of Public Works and Public Housing conveys that they accept the entire findings and conclusions from BPK. Ministry of PUPR will also follow up on the recommendations provided. ~



Encouraging Sustainable Urban Transportation

IN ORDER TO SUPPORT THE IMPLEMENTATION OF A SUSTAINABLE TRANSPORTATION PROGRAM, THE MINISTRY OF TRANSPORTATION HAS CARRIED OUT SEVERAL EFFORTS.



The Audit Board of the Republic of Indonesia (BPK) has carried out a performance audit regarding the government's effectiveness in implementing sustainable urban transportation in the Greater Jakarta area for the Fiscal Year (FY) of 2019 until semester I 2021. The audit was carried out at the Ministry of Transportation (Kemenhub) and other related agencies in DKI Jakarta.

As quoted from the Audit Report, BPK noted, in order to support the implementation of a sustainable transportation program, the Ministry of Transportation had carried out several efforts. This includes the establishment of a work unit responsible for coordinating, monitoring, and reporting on the activities of the National Action Plan for Reducing Greenhouse Gas Emissions in the Transportation Sector. In addition, carrying out the regulations preparation to govern the integration of urban transportation in the Greater Jakarta area.

Subsequently, carrying out activities to support the renewable energy utilization program in the transportation sector, including the physical type test of electric motor vehicles along with the provision of testing facilities and equipment, as well as competent personnel, and the issuance of electric motor vehicle registration letters.

The audit concluded that, there are problems which, if not resolved immediately, could affect the achievement of national targets that have been set in managing sustainable transportation programs, especially those related to reducing greenhouse

gas (GHG) emissions in the transportation sector, integrating urban transportation in the Greater Jakarta area, and implementing energy conservation efforts within transportation sector.

These problems include problem where Ministry of Transportation has not been fully effective in implementing GHG emission reduction activities in the transportation sector. This can be seen, in regulations related to reducing GHG emissions in the transportation sector which are incomplete, and the existing regulations have not been implemented optimally.

The target for reducing GHG emissions in the transportation sector set out in the 2020-2024 Ministry of Transportation Strategic Plan has not been supported with implementing regulations, so that the implementation of activities is less measurable than the previous ones that have been supported by regulations. Moreover, there are no Standard Operating Procedures (SOP) or technical guidelines (juknis) and implementation guidelines (juklak) in terms of distribution, coordination, monitoring, of action plans, and other activities related to GHG emission reduction activities in the transportation sector.

This resulted in the planning, targeting, formulation, monitoring and evaluation of transportation sector GHG reduction activities at Ministry of Transportation not having the same standard. BPK recommends the Minister of Transportation to draw up implementing regulations for the 2021 National Action Plan of GHG emissions reduction in transportation sector.

Ministry of Transportation has not been effective in implementing urban transportation integration in the Greater Jakarta area. Ministry of Transportation has established regulations related to the integration of public transportation modes in the Greater Jakarta area which are written in the Greater Jakarta area Transportation Master Plan (RITJ). However, the audit showed that there were several problems related to the implementation of RITJ, including the activities implementation that had not reached its target.



ARIF RYANTO-UNSPASH

There are programs that should have been completed in 2019 (phase I) or 2020, but up to the time of audit, these programs had not been completed and/or had not been implemented. In addition, there are programs or strategies within RITJ that cannot be implemented. Furthermore, the official documents or rules which state about the distribution of coordination functions for each program in the RITJ have not been found.

There are programs that should have been completed in 2019 (phase I) or 2020, but up to the time of audit, these programs had not been completed and/or had not been implemented.

The coordinating function of the program is only carried out by the relevant technical directorates based on the assumptions of the main tasks and functions deemed appropriate. As a result, the achievement of RITJ implementation cannot be measured, and there are differences in benchmarks for RITJ implementation at the Ministry of Transportation through the Greater Jakarta area Transportation Management Agency (BPTJ) as the one carrying out the functions of coordination, monitoring, and evaluation with other stakeholders as executors.

BPK recommends the Minister of Transportation to optimize the role of BPTJ as a function of coordinating the preparation of action plans, monitoring, and evaluation.

Ministry of Transportation has not fully contributed to energy conservation efforts in the transportation sector. This can be seen from the absence of action plan to support renewable energy utilization program in the transportation sector by Ministry of Transportation.

In order to support the acceleration of the Battery-Based Electric Motorized Vehicle Program (KBLBB), the Directorate General of Land Transportation (Ditjen Hubdat) has prepared plans and efforts to deal with existing challenges by drafting a road map for the transformation of KBLBB as an operational vehicle for government and public transportation, as well as formulating follow up efforts.

However, this is still under discussion so that until the audit ends, Ministry of Transportation has not determined or submitted the KBLBB roadmap as a government operational vehicle and public transportation to Coordinating Minister for Maritime Affairs and Investment as Chair of the KBLBB Program Coordination Team. As a result, the new renewable energy utilization in government operational vehicles and public vehicles cannot run optimally.

BPK recommends the Minister of Transportation to compile a roadmap for the use of KBLBB as government operational vehicles and public transportation.

Overall, the results of BPK's performance audit on sustainable urban transportation in the Greater Jakarta area at the Ministry of Transportation revealed six findings including six problems of ineffectiveness. ~



NAJWAN ARFA-PEVELS



Runner Up
Batik Design Competition for BPK's 76th Anniversary

Title : BPK's Batik of Integrity, Independence, and Professionalism (IIP)
By : Ridha Yamin (BPK Representative Office of South Sulawesi)



Financial Statement Audit Focuses on High-Risk Areas

IN AUDITING THE INTERNAL CONTROL SYSTEM, ONE OF THE ELEMENTS EVALUATED IS RELATED TO THE EFFECTIVENESS OF COMPLETING THE FOLLOW-UP ON THE RECOMMENDATIONS OF THE INSPECTION RESULTS.



The Audit Board of the Republic of Indonesia (BPK) has started the process of auditing financial statements (LK) for the 2022 fiscal year. LK audits are carried out using a risk-based audit (RBA) approach.

Before the audit begins, the entire State Finance Auditorate (AKN) conducts entry meetings with audited entities. Entry meeting is the initial form of communication between BPK as auditor and the ministries and agencies to be examined. The aim is to create a common perception of the audit process and implementation.

Board Member I of BPK Nyoman Adhi Suryadnyana in an entry meeting with entities within AKN I at the end of January said that realizing financial accountability requires a high degree of commitment from entity leaders and support from a strong Internal Control System (SPI). According to Nyoman, this will be reflected in the Unqualified Opinion and the achievement of good and clean governance.

"In all stages of state financial management, it is necessary to strengthen a good SPI in order to mitigate the risk of problems that can arise at each stage of the budget cycle," mentioned BPK Board Member I.

Further, Nyoman told that in conducting financial audits, BPK applies a risk-based audit (RBA) methodology. "With this risk-based audit approach, the audit is focused on risky aspects related to accounts/work units in order to obtain adequate confidence in determining the audit opinions," he explained.

“**With a risk-based audit approach, the audit is focused on risky aspects related to accounts/work units in order to obtain adequate confidence in forming opinions.**”

BPK Board Member I, Nyoman Adhi Suryadnyana



To fulfill the audit schedule in a timely manner, BPK Board Member I hoped for a good and effective communication between BPK auditors and relevant stakeholders, and the widest possible access to data and documents related to financial reporting. In addition, he also hoped for the active participation from the Government Internal Supervisory Agency (APIP) in ministries/agencies in facilitating the audit implementation.

In his remarks at the entry meeting attended by 20 ministries and agencies, Nyoman explained that financial audits are mandatory and carried out by BPK every year. The purpose is to assess the fairness of the financial information presented in the financial statements.

Apart from being a reflection of good financial governance, the opinion as a professional

statement by auditor has several important meanings. WTP (unqualified) opinion can increase public confidence in the credibility and reliability of the information presented, as well as increase the rating and positive image of stakeholders.

Financial audit using a risk-based audit approach was also emphasized by BPK Board Member II Daniel Lumban Tobing in an entry meeting with 9 entities at BPK Head Office, Friday (10/2/2023).

Board Member II said, with this approach, the audit would be focused on areas that were considered to be quite high risk and had an impact on the presentation of the 2022 financial statements, including internal control.

“**Areas that became the focus of BPK audit include internal control over financial reporting.**”

**BPK Board Member II,
Daniel Lumban Tobing**

“The areas that are the focus of BPK’s audit include internal control over financial reporting in recording financial transactions and the process of preparing financial reports,” said Board Member II.

Apart from internal control, there are four other areas that are the focus of 2022 financial audit. The four areas are repeated findings, progress of follow-up on recommendations from previous audits, situations and/or events that indicate fraud and assessing the impact on the fairness of financial reports presentation, and testing of income, goods expenditure, capital expenditure, and management of State Property (BMN).



I hope the Inspectorate can be the coordinator and liaison during audit to better understand the substance of problems found.

**BPK Board Member III,
Achsanul Qosasi**

BPK Board Member II said that in assessing the internal control system, one of the elements evaluated was related to the effectiveness of completing follow-up of audit recommendations. For this reason, Board Member II expects that each ministry/institution can take strategic steps to follow up on recommendations from BPK's audit results. "Especially audit recommendations given long before."

Another thing emphasized by Board Member II was the fulfillment of audit data and documents. According to Tobing, these documents and data are important for BPK auditors as supporting evidence in obtaining adequate confidence in the presentation of financial statements, whether there are deviations from accounting policies, internal control weaknesses, or non-compliance with statutory provisions.

"We expect support, commitment, synergy, and effective communication, so that the results of BPK audit can provide sufficient confidence in the financial accountability of ministries/agencies in 2022," he said.

BUILD COMMUNICATION

In AKN III, an entry meeting was also held on Wednesday (11/1) at BPK Head Office, Jakarta. This activity marked the start of the financial audit for 2022 fiscal year in 34 ministries and institutions. BPK Board Member III Achsanul Qosasi said that auditing financial statements is a mandate from Constitution. "And the results will be conveyed to the people through Parliament, as well as to the government through the President," said Board Member III.

Therefore, Board Member III hoped that the audit team and entities can establish good communication to expedite the inspection process. In addition, entities are asked to be cooperative in providing the data, documents and information required for the inspection, either directly or through electronic media.

"I hope that the inspectorate can become the coordinator and liaison during the implementation of audit so that they better understand the substance of problems found, thus speeding up the follow-up process and knowledge sharing of problems," he added.

The scope of audit for the Ministries/Agencies Financial Report (LKKL) includes Budget Realization Report (LRA), operational reports, balance sheets, changes in equity reports, and Notes to Financial Statements (CaLK). This audit aims to assess the adequacy of disclosures in the 2022 LKKL as of December 31, 2022.

In addition to LKKL audits, BPK also carried out audits of four loan/grant financial reports managed by entities under the audit scope of AKN III. The audit is scheduled to last for 60 to 100 days. ~

Follow-up the Audit Reports Recommendations

EVEN WHEN AN UNQUALIFIED OPINION IS OBTAINED, THERE IS NO GUARANTEE THAT THE SAME OPINION WILL BE OBTAINED IN THE FOLLOWING YEAR.



The Ministry has obtained unqualified opinion six times in a row, but it does not guarantee that for the following year's opinion will receive the same opinion. "We would like to remind you, even though the opinion is unqualified and has been obtained for six times in a row, there is no guarantee that it will always be like that. This depends on the control and compliance of the Minister in carrying out budget management and accountability," said Board Member IV during the entry meeting at the Ministry of Agriculture office, Jakarta.

The Audit Board of the Republic of Indonesia (BPK) encourages entities to continuously improve the quality of financial reports. Improving financial governance should not only focus on achieving Unqualified Opinion (WTP) targets. In order for the administration of state finances to be more beneficial to society, accountable, and transparent, entities must be committed, to increase the follow-up of recommendations on audit reports. Following-up all the audit recommendations is important to resolve recurring findings.

This was conveyed by BPK Board Members in a number of entry meeting of Financial Statement audit. BPK Board Member IV, Haerul Saleh, during the entry meeting for the Ministry of Agriculture's LK audit in mid-January, said that, in 2021 Ministry of Agriculture's Financial Statement received an Unqualified opinion.

Recommendations should be followed up immediately so that state administration becomes more accountable and transparent.

**Board Member IV of BPK,
Haerul Saleh**

Board Member IV revealed that the follow-up rate on BPK's audit recommendations at the Ministry of Agriculture per semester I 2022 reached 80.42 percent. This achievement was above the target set by BPK, which was above 75 percent. However, BPK still finds significant recurring problems that have not been resolved.

Haerul hopes that this problem can be resolved within the 2022 financial audit, so that it does not become a recurring finding in the following year. "I would like to remind that, recommendations given by BPK in the previous audit reports should be followed up immediately, so that state administration becomes more accountable and transparent," said Board Member IV.

He advised that Ministry could give the widest possible access for auditors to data and documents related to the audit that is being carried out. This is important so that the audit process run well and smoothly.

On that occasion, Board Member IV emphasize that financial statement audit was not intended to specifically reveal fraud in financial management. However, if the audit finds any suspected fraud, BPK must disclose it in the audit report.

WELFARE IMPROVEMENT

Meanwhile, Board Member V, Ahmadi Noor Supit, emphasized that achieving an unqualified opinion is not the ultimate goal in managing state finances. Opinions on financial reports show more of the government's level of transparency and accountability in managing finances.

This was conveyed by Board Member V in the entry meeting for auditing line ministries financial reports (LKKL) and local



government financial reports (LKPD) within AKN V, at the auditorium of the BPK head office, Thursday (9/2/2023).

The unqualified opinion obtained by the government, he said, should be in line with the government's success in improving people's welfare. "After obtaining an unqualified opinion, each head of agency must also further improve the quality of their financial management so as to prevent fraud," said Board Member V.

Therefore, BPK hopes that entities' leaders is committed to immediately following up on recommendations within 60 days in accordance with Article 20 of Law Number 15 of 2004 on Audit of the State Financial Management and Responsibility. The main ones are recommendations in the form of refund to the state or regional treasury, to reduce the possibility of legal problems in the future.

In every audit, said Board Member V, BPK provides maximum opportunity for officials and those in charge of audited entity to explain or clarify the problems raised by the auditor. This is done to ensure that the problems found by BPK are indeed valid and in accordance with actual conditions.

"It is hoped that entities can really understand the weaknesses that have occurred and the recommendations for improvements given by BPK, because this will make it easier to develop a clear and measurable follow-up action plan," he said.

Closing his remarks, Board Member V reminded that in carrying out audits, BPK auditors must follow the State Financial Audit Standards (SPKN) and comply with BPK code of ethics.

It is hoped that entities can really understand the weaknesses that have occurred and the recommendations for improvements given by BPK, because this will make it easier to develop a clear and measurable follow-up action plan.

**Board Member V BPK,
Ahmadi Noor Supit**

THE FOUR ASPECTS

Auditing financial statements are not only aimed at providing an opinion on the fairness of financial statements in accordance with the State Financial Audit Standards (SPKN). Board Member VI of BPK, Pius Lustrilanang, said BPK also provided recommendations in order to fix the weaknesses in the internal control system (SPI) and resolve problems of non-compliance in state financial management.

Board Member VI emphasized this during the entry meeting for Ministry of Health's financial reports audit at BPK head office, Jakarta, Tuesday (7/2/2023). He said that the Ministry of Health's 2022 financial reports audit would be carried out through auditing four aspects. "The four aspects are compliance with Government Accounting Standards (SAP), adequacy of disclosure, compliance with laws and regulations, and effectiveness of internal control system (SPI)," he said.

Recommendations are given to fix the weaknesses in the internal control system (SPI) and resolve problems of non-compliance in state financial management.

**Board Member VI,
Pius Lustrilanang**



Audit of the financial statements is carried out using a risk-based audit (RBA) approach. With this approach, the audit will be focused on risky areas, including the risk of fraud.

The focus of the 2022 Ministry of Health's financial audit, includes the implementation of the Covid-19 handling program and national economic recovery (PC-PEN), some of which include the Therapeutic program in the form of paying Covid-19 claims and paying incentives for health workers and vaccination programs.

Second, the provision of government assistance in the form of money and goods to the community/ local government, including expenditures intended to reduce the prevalence of stunting in several regions. Third, expenditures on social assistance in the form of payment of contributions for beneficiaries of National Health Insurance (JKN) contributions.

Fourth, expenditures on goods in the form of government assistance for payment of JKN contributions for workers who are not wage earners. Fifth, the full implementation of the Agency Level Financial Application System (SAKTI) starting in 2022. The sixth focus is the implementation of Audit Standards (SA) 600 for Public Service Agencies (BLU) within the Ministry of Health which is audited by a Public Accounting Firm (KAP).



I hope that the Minister of BUMN will continue to encourage his staffs to resolve all the problems that have become BPK's findings and immediately complete the follow-up on recommendations from BPK audit report.

**Board Member VII,
Hendra Susanto**

FOLLOW-UP IN STATE OWNED ENTERPRISES (BUMN)

Encouragement for entities to follow up on BPK's recommendations was also conveyed by Board Member VII, Hendra Susanto, in the financial statement audit entry meeting as well as handing over audit report for the Management of State Equity Participation (PMN) 2020 - semester I 2022 to the Ministry State-Owned Enterprises (BUMN) and related agencies, at the office of the Ministry of BUMN, Jakarta, Monday (27/2/2023).

Board Member VII said that BPK's audit concluded that the management of PMN in BUMN in 2020-Semester I of 2022 had been carried out in accordance with the applicable regulations in all material matters. "During this period, the Ministry of BUMN handled additional PMN in cash for 15 BUMN in the amount of Rp131.32 trillion and Rp20.68 trillion from the 2022 investment reserve fund," said Board Member VI when handing over the audit report to Minister of BUMN, Erick Thohir.

The provision of PMN, said Board

Member VII, aims to improve the capital structure and increase the business capacity of BUMN. In addition, the provision of PMN to support implementing national strategic projects. However, in its management, BPK still found strategic weaknesses.

These weaknesses include, among other things, the results of work on PMN funds in 2015 and 2016 in 13 BUMNs that cannot be utilized. In addition, Board Member VII added, the additional PMN change funds at Bio Farma which will be used for the construction of the Bali Special Economic Zone (KEK) Hospital cannot be utilized.

"I hope that the Minister of BUMN will continue to encourage his staffs to resolve all the problems that have become BPK's findings and immediately complete the follow-up on recommendations from BPK audit report," he said.

In addition to hand over the audit report, BPK also conducted an entry meeting for Ministry of BUMN's financial statements audit for the 2022 Fiscal Year. This audit aims to provide an opinion on the fairness of financial statement based on government accounting standards (SAP), adequacy of disclosure, effectiveness of the internal control system (SPI), and compliance with laws and regulations.

In order for the audit to run well, Board Member VII hopes that the audit team and the audited entity carry out their duties and obligations in accordance with their respective authorities, and establish good communication.

"I hope that communication between auditors and entities can run well and effectively, so that a common perception is created to support the smooth running of the audit. Further, entities can provide access to data and documents related to audits," said Board Member VII. ~

Audit Process Reformation with Digital Transformation

THE MOST IMPORTANT BENEFIT OF DIGITAL TRANSFORMATION IS ENSURING THE TRANSPARENCY OF WORK PROCESSES.

Digital transformation is not a choice, but a necessity. The application of digital transformation will make business processes within an organization more effective and efficient.

The importance of carrying out digital transformation is well recognized by the Audit Board of the Republic of Indonesia (BPK). BPK continues to spur digital transformation so that it becomes stronger and more powerful in carrying out the constitutional mandate to carry out audits of the management and accountability of state finances.

Vice Chairman of BPK, Agus Joko Pramono, said, BPK is trying to change business processes in various lines from what was originally traditional, to be more digitalized, and entered the digital transformation phase.

Vice Chairman of BPK explained that there is a fundamental difference between digitization and digital transformation. He said digitization was an effort to change business processes from those that were manual to use an information system.

Meanwhile, digital transformation is more than that.

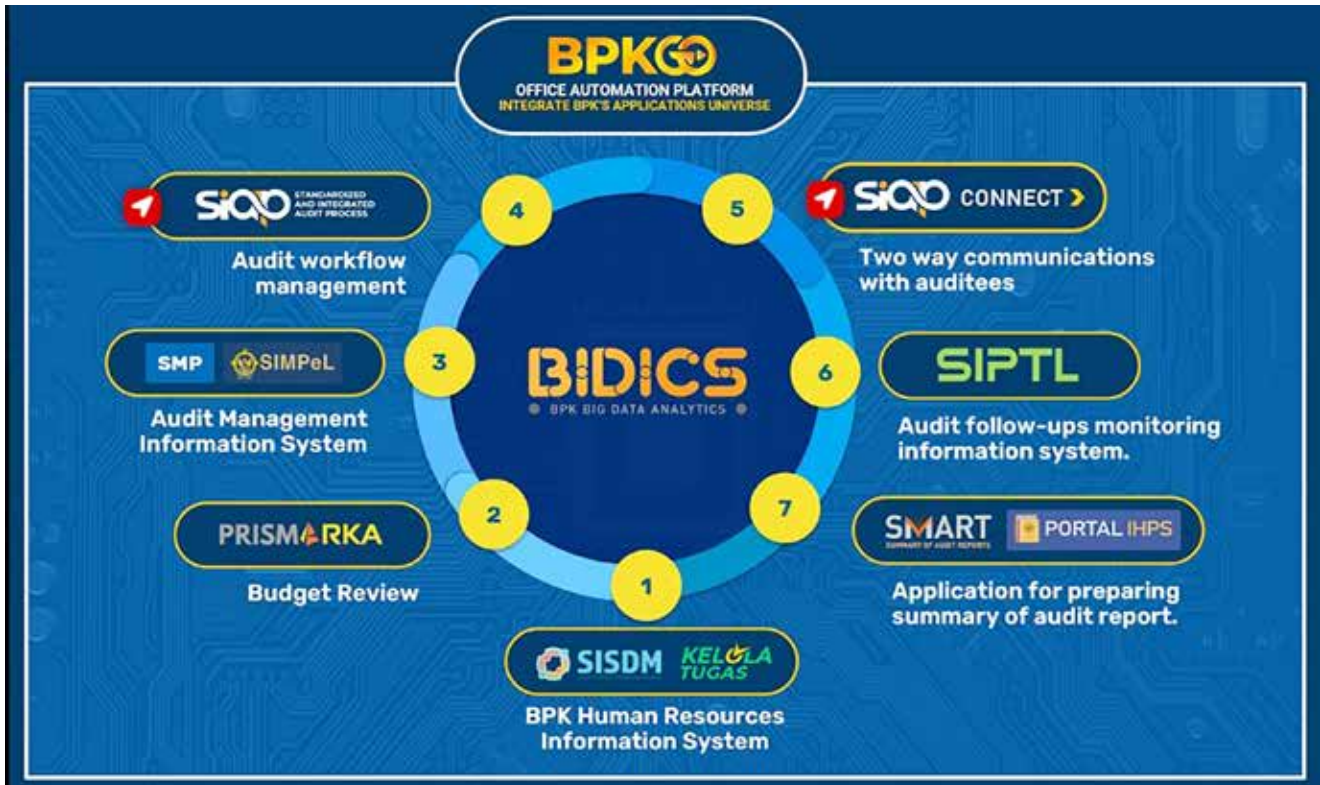
"BPK is now going further than just digitizing, namely carrying out digital transformation. In digital transformation, we can eliminate work space and time. A person can work anywhere and anytime, without waiting for the office to open, without waiting for him to be in the office, without waiting for him to gather with his co-workers," said Vice Chairman of BPK when talking to the *Warta Pemeriksa* in early March.

One concrete example of digital transformation that is being massively developed by BPK is in the context of education and training. In the past, BPK training was carried out in a model room or class room. Now, it is enhanced with digitization process where the training process can be carried out using a video conferencing application.

Even though the training process already uses video conferencing services, one still has to be limited by time. Meanwhile, in the context of digital transformation, someone can do training anywhere and anytime.

“BPK is now going further than just digitizing, namely carrying out digital transformation. With digital transformation, we can eliminate work space and time.”

**Vice Chairman of BPK,
Agus Joko Pramono**



"So he can do an assessment of himself or take part in training whenever he can do it. This is done by incorporating the training module into the platform where people can take training time flexibly. Then, in it there is a team that conducts an assessment of the person's abilities, until finally space and time become irrelevant in the training process."

Regarding digital transformation in the audit process, BPK also continues to develop a number of programs and applications. One of the programs being developed is the neuro language programme. The program can help the auditor to seek certain recommendations on a finding.

Vice Chairman of BPK said that many of the problems found in BPK's audit were repeated findings. The problem is, the auditor sometimes does not know what recommendations were previously given for these repeated findings. By knowing



the recommendations previously given, the auditor can analyze or improve the recommendations that will be given so that the repeated findings can be resolved.

"So, auditors have information regarding recommendations that have been made for the same findings. This is what we call digital transformation," said Vice Chairman of BPK.

Vice Chairman of BPK also envisions that in the next few years, auditors will no longer have to go somewhere to carry out the audit process. In auditing the procurement of goods, for example, the auditor only needs to type and perform a search in the system to compare the purchase of goods at a ministry with prices at the National Public Procurement Agency (NPPA).

"So, we are no longer going out looking for data. But we have entered all NPPA data, ministry data, prices per unit of goods. If there is a discrepancy, that is when the auditor conduct an assessment."

Vice Chairman of BPK added that he is currently also trying to integrate all audit reports (LHP). Through this effort, later it will be known which reports, for example, stated that there were state losses. Further, in the findings of these losses, what are the recommendations given by BPK.

"Basically, the big goal of digital transformation is that we change the work process at BPK, both for audit elements and supporting elements. From an audit perspective, with digital transformation, we should be able to be more advanced in collecting audit data," he said.

IMPROVING AUDIT QUALITY AND TRANSPARENCY

Vice Chairman of BPK said that the big benefit of digital transformation is the improvement in audit quality and work efficiency. With various systems built, auditors can get information quickly about what should and will be done during an audit. "We can also be more precise in providing solutions because a massive data is available," he said.

Vice Chairman of BPK gave an example, if an auditor who usually conducts audits at local governments got transferred to the Head Office to audit the State Budget (APBN), it will take quite a long time for the auditor to comprehend the problem.

"But with digital transformation, auditor can swiftly see and collect audit data in the new entity where he/she is assigned. They no longer need weeks to look for data. Auditor will easily find out what the audit results are, and who have audit the entity. All of the information is presented on the platform. This will certainly improve individual abilities," he said.



■ Vice Chairman of BPK, Agus Joko Pramono

“**Basically, the big goal of digital transformation is that we change the work process at BPK, both for audit elements and supporting elements. From an audit perspective, with digital transformation, we should be able to be more advanced in collecting audit data.**”

Another important benefit is ensuring work transparency. In the audit process, anyone who is in charge of and involved in the audit will be identified through the audit system that has been implemented by BPK.

"This way, people are responsible for what they do. So, digital transformation will guarantee the transparency of the work process," said Vice Chairman of BPK.

DIGITAL TRANSFORMATION ACHIEVEMENTS

So far, BPK has achieved several significant achievements related to digital transformation. BPK has formed BPK's Digital Enterprise Architecture or abbreviated as BPK's

DNA. CPC DNA describes the relationship between business processes, data, applications, technology, to the implementation of the architecture.

Another achievement is the development of the Audit Application System (SiAP). The application has been integrated from planning to reporting processes. Thus, auditors who carry out reassessment can be facilitated. This integration is important to support the risk audit in mapping entity risks and problems within them, because the data they have is already integrated.

The auditor has carried out all of his activities using SiAP until the reporting process. In fact, SiAP has been integrated with the Financial Report of Central Government (LKPP).

BPK also developed Big Data Analytics or BIDICS. BIDICS makes decision making easier because there is a lot of data in it. Through BIDICS, auditors are able to identify certain deviations. ~



Password Security



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

Keep Your Password Safe

Do not share your password to other people.

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

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

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

Logout from applications once not used.



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Together in Contributing the Success of National Development

COUNTRY'S ECONOMIC AND FINANCIAL DEVELOPMENT
IS IMPORTANT FACTOR TO DETERMINE AUDIT STRATEGY.



The Audit Board of the Republic of Indonesia (BPK) continues to strengthen communication and synergy with stakeholders. This is important so that the audit conducted by BPK can be more beneficial for the national development program.

One form of this synergy is manifested in the 2023 BPK's executive coordination meeting held in early March which was also attended by Minister of Development Planning/Head of Bappenas, Suharso Monoarfa, and Minister of Finance, Sri Mulyani. The coordination meeting focuses on the theme of "Harmony for a Stronger and Greater BPK".

Chairperson of BPK, Isma Yatun, said in her remarks that state economic and financial developments

is an important factor to determine audit strategy priorities in the context of providing assurance and recommendations for improving quality and useful state financial governance to achieve state goals. "To achieve the audit objectives, especially regarding the benefit of audit report, BPK optimizes the resources needed for auditing, and strengthening BPK's institutional capacity," said the Chairperson of BPK.

The Chairperson of BPK said that in the first half of 2023, BPK is carrying out audit of all 2022 financial reports, both the central government, including foreign loans and grants, local governments, as well as other bodies such as Bank Indonesia and others with more than 680 entities spread throughout Indonesia.



■ Chairperson of BPK, Isma Yatun

“**The financial audit absorbed more than 50 percent of BPK's resources, both financial and human resources. We also hope that the financial audit can provide benefits in the form of increasing stakeholder's confidence in state finances.**”

Further, BPK audited accountability reports on the receipt and use of political party assistance (Banparpol) at the Ministry of Home Affairs and 542 local government entities. "The financial audit absorbed more than 50 percent of BPK's resources, both financial and human resources. We also hope that the financial statements audit can provide benefits in the form of increasing stakeholder confidence in state finances," she said.

PERFORMANCE AUDIT AND SPECIAL PURPOSE AUDIT (PDTT)

As for semester II 2023, BPK plans to carry out performance audits and Special Purposed Audit (PDTT) on National Priorities (PN) according to the 2020-2024 National Medium-Term Development Planning (RPJMN) and Government Work Plans. BPK will audit regional development to reduce disparities and ensure equity (in PN 2) as well as mental revolution and cultural development (in PN4).

"In conducting audits, BPK also pays attention to government priorities update and current public issues. That's why we invited Minister of Finance and Minister of National Development Planning/Head of Bappenas to this meeting," said Chairperson of BPK.

Chairperson of BPK added, BPK also audit the implementation and achievement of the Sustainable Development Goals (SDGs), particularly Target 2.2, namely Stunting Handling, and played a role in providing assurance to the Voluntary National Review on Indonesia's SDGs achievements.

Institutionally, BPK also issues a Sustainability Report to increase the benefit of audit report. Moreover, BPK plans an international seminar with the theme "Leveraging Performance Audit Impacts on Green Economy and SDGs" to be held in June 2023.

In supporting corruption eradication, BPK's investigative

audit continues to improve in speed and quality through the use of the Digital Forensic Laboratory. All audit work units can also utilize the laboratory, especially for identification and response to fraud risk.

"BPK audits have improved state financial governance through follow-up of audit recommendations by entities. Follow-up audit reports are also in the form of returning money and or handing over state assets worth Rp124.60 trillion within the period 2005 to semester I 2022," she said.

BPK AND BAPPENAS SYNERGY

Minister of National Development Planning/Head of Bappenas, Suharso Monoarfa explained, 2020-2024 RPJMN is focused on accelerating development by laying down a solid economic structure development. So far, RPJMN has become a reference for line ministries and local governments to be broken down into more detailed sector policies in their respective regions.

"As we know, there are 9 President's visions and missions which are then translated into 5 Presidential directives and 7 development agendas for the 2020-2024 RPJMN. The 7 development agendas are used as references in the government's work plan through 7 national priorities," said Suharso while giving a keynote speech in the 2023 BPK's Executive Coordination Meeting. During the period of 2020-2024 RPJMN implementation, most of the development

targets were deemed to show improvement. Several indicators showing improvement are economic growth, reduction of income inequality, increase in the human development index, and reduction of greenhouse gas emissions.

The year of 2024 is the final year for implementing the 2020-2024 RPJMN. Therefore, the targets set must be more detailed and in accordance with current conditions. "This achievement must be translated into a more focused Government Work Plan policy," he said.

In accordance with the target, the 2024 Government Work Plan also raises the theme of accelerating economic transformation that is inclusive and sustainable. This theme also corresponds to 7 national priorities with an emphasis on strategic programs capable of achieving development goals.

Implementation of the 2020-2024 RPJMN provides a number of lessons. First, the importance of synchronizing and elaborating the national work plan, national mid-term plan, and national annual plan. Second, he said, the importance of controlling development from the planning stage to implementation.



■ Minister of National Development Planning/Head of Bappenas, Suharso Monoarfa



With the challenges on the various dimensions of sovereignty earlier, the main priority stated in the initial draft of the 2025-2045 RPJPN, was Indonesia's transformation consisting of social, economic and governance transformation supported by stability and development financing and socio-cultural and economic resilience.

Third, according to him, the importance of applying the principles of specific work tools and performance hierarchies to the preparation of national development planning and risk management documents. Bappenas at the same time has also developed GRC (government, risk and compliances) in several major projects.

The preparation of National Long Term Development Plan (RPJPN) takes into account several main issues. First, everyone must understand that for more than 28 years, Indonesia is still in the position of a Middle Income Country. Thus, it is necessary to carry out a large-scale transformation, including economic transformation.

Social development is also still lagging behind. This is reflected in several aspects, including the slow decline in the poverty rate, social protection which is still fragmented, the enrollment gap, and the quality of education and problems with the health system. This shows the urgency of the need for social transformation.

Institutional and regulatory aspects governance is still the main obstacle to the ineffectiveness of government. This shows the urgency that governance transformation requires the support of good quality and useful state financial governance to achieve state goals.

This condition is a challenge in realizing the vision of "Indonesia Emas 2045" to become a maritime country that is sovereign, advanced, and sustainable. "With the challenges on the various dimensions of sovereignty, the main priority stated in the initial draft of the 2025-2045 RPJPN was Indonesia's transformation which consisted of social, economic, and governance transformation supported by stability and development financing and socio-cultural and economic resilience," he said.



■ Minister of Finance, Sri Mulyani

“When we were hit by a three-year pandemic, it was as if we couldn't do activities. But now that Indonesia's economy has continued to grow in the fourth quarter, above 5 percent, then Indonesia's economy is quite stable, fast, and the highest among the G20 countries, and ASEAN.”

In order to achieve the priority targets of national development, alignment, planning and budgeting between the central and local governments is absolutely necessary. Alignment includes consistency between planning documents including central and regional planning as well as consistency of planning and budgeting documents. Implementation of a planning organization needs to be controlled, through the application of the number of risks supported by an integrated information system. "We have great hopes for BPK in strengthening development control in realizing the achievement of national development goals, control must be carried out from the planning stage," he said.

Suharso hopes that BPK will support the translation of planning documents into sector and state derivative planning documents, including in budget allocations that are consistent with development priorities.

At the implementation stage, an effective, efficient, and accountable development plan is also important. BPK is expected to be the spearhead in maintaining the quality governance for development including the management of state finances. BPK's crucial role is the key in quality development planning and implementation.

Minister of Finance, Sri Mulyani, in her presentation explained that state financial management cannot be separated from economic conditions. The indicators and variables in state finances are strongly influenced by economic conditions. "When we were hit by a three-year pandemic, it was as if we couldn't do activities. But now that Indonesia's economy has continued to grow in the fourth quarter, above 5 percent, then Indonesia's economy is quite stable, fast, and the highest among the G20 countries, and ASEAN," she said.

Stability and growth are provisions for Indonesia to continue to be optimistic. However, Indonesia still has to be vigilant because the challenges have shifted from those originally comes from the Covid-19 pandemic to global challenges whose impact cannot be underestimated.

"We can see that the global geopolitical order has changed and support between countries has solidified."

Global supply chain problems have also caused inflation to increase significantly, globally. She is grateful that Indonesia was able to overcome these extraordinary events.

"But Indonesia must see new challenges and risks that are more than the ones currently on the financial side, the financial volatility." ~



Towards the Sustainable Environment

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BPK AS A SUPREME AUDIT INSTITUTION HAS AN IMPORTANT ROLE TO PLAY IN ENSURING THAT GOVERNMENT PROGRAMS AND COMMITMENTS RELATED TO THE ENVIRONMENT ARE RUNNING ACCORDING TO DIRECTION.

Climate change is a real threat to all countries, including Indonesia. The impact of the threat of climate change is increasingly being felt, starting from the prolonged dry season to the increasingly frequent hydro meteorological disasters.

The activity of using fossil fuels is one of the triggers. For this reason, the government has committed to reduce the use of fossil fuels by intensifying the use of new and renewable energy (EBT).

The Audit Board of the Republic of Indonesia (BPK) as a supreme audit institution has an important role to play in ensuring that government programs and commitments related to the environment go according to direction. Various programs must continue to be monitored in order to create a sustainable environment.

Dicky Edwin Hindarto, Chairman of the Advisory Board of Mitra Hijau Foundation and Renewable Energy Practitioner, said that one of the efforts that BPK could do was to oversee the implementation of the energy transition through its audit function.

"BPK must be able to accelerate the implementation of the energy transition and the development of renewable energy by auditing government finances which are more inclined towards conventional energy," said Dicky to *Warta Pemeriksa*.

According to Dicky, the government seems to have taken the wrong direction in developing future energy, especially regarding renewable energy. This is because the government implements dualism in energy management.

On the one hand, the government launched various renewable energy development plans, including the use of electric vehicles and nets zero emission (NZE). However, on the other hand, the government is clearly supporting coal.

"The government has indeed launched many targets for the development of renewable energy, but in plain view the government is still supporting coal," said Dicky to *Warta Pemeriksa*.

He revealed that State Electricity Company (PLN), which currently has excess power in the Java and Madura regions, most of its power plants use coal. In addition, coal exports are still very large. Energy sources for nickel downstream through smelters are even said to be obtained through coal plants.

Dicky added, the requirements to build a solar power plant, especially rooftop solar panel, are still difficult to be fulfilled. The existence of a new PLN regulation that only allows a maximum of 15 percent of electricity from solar power has caused industries or even households to no longer be economical in building solar energy for their own needs.

This condition makes people can only surrender to accept what is determined by the government. "People who want to save energy are offered a power increase. Meanwhile, PLN is reluctant to buy from solar power plants because it has excess power," he said.

In accordance with the 2020-2024 National Medium-Term Development Plan (RPJMN), one of the government's policy directions is to meet energy needs by prioritizing an increase in new and renewable energy, one of which is achieved through the development of EBT-based power plants.

To oversee this program, BPK has carried out a number of audits related to EBT development in the country. BPK found a number of problems.

Several problems related to the EBT program at PLN, such as, PLN does not have a plan for achieving



■ Dicky Edwin Hindarto

[LINKEDIN.COM/IN/DICKY-EDWIN-HINDARTO](https://www.linkedin.com/in/dicky-edwin-hindarto)



BPK must be able to accelerate the implementation of the energy transition and development of renewable energy by auditing government finances that are more inclined towards conventional energy.

a detailed and applicable EBT mix. The procurement of EBT electricity has not considered economic prices. Furthermore, PLN has not been optimal in planning and implementing the development of EBT generators.

The audit was also carried out on State Oil and Natural Gas Mining Company (Pertamina), mainly related to geothermal development. Several problems in geothermal energy exploitation activities to support the national energy policy on the use of EBT, the policy for planning exploitation activities has not fully supported the national energy policy for the use of EBT. Drilling planning has also not been fully carried out adequately.

BPK has also conducted an audit of PT Geo Dipa Energi (GDE) regarding efforts to increase EBT. The audit has been included in the 2021 Semester Audit Reports Summary (IHPS) II.

The audit showed that the implementation of PT GDE's lease-to-use forest area permit was not in accordance with the provisions, because there were operational areas of PT GDE's Patuha Unit and Dieng Unit in a protected forest area is not included within the forest area lease permit (IPPKH), also, the obligations for the issuance of the IPPKH have not been fulfilled by PT GDE. As a result, the implementation of PT GDE's production activities in Dieng and Patuha has the potential to increase forest destruction and raise legal risks for non-compliance in the use of IPPKH. In addition, the state's right to Non-Tax State Revenue (PNBP) originating from the management of forest areas cannot be claimed. ~



Data Security

01

Regularly back-up data to a different device.

05

Only install original applications.

02

Activate Bitlocker feature.

06

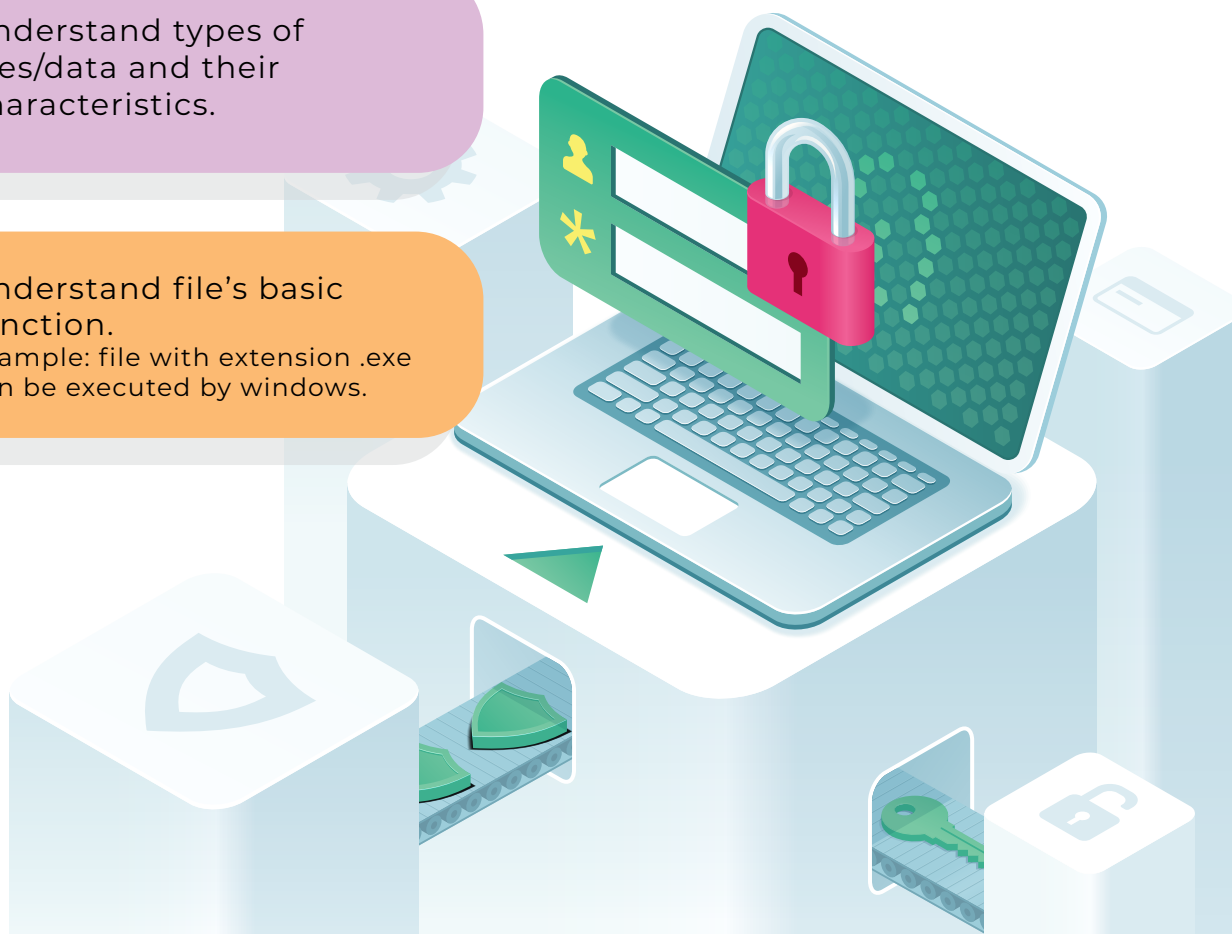
Extra caution when using portable media (USB flash disc, external HDD)

03

Understand types of files/data and their characteristics.

04

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



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BPK to Continue Cooperation with NADM

THE BILATERAL COOPERATION BETWEEN BPK AND NADM HAS BEEN ESTABLISHED FOR 15 YEARS SINCE THE SIGNING OF THE MOU IN NOVEMBER 2007.

The Audit Board of the Republic of Indonesia (BPK) signs a Memorandum of Understanding (MoU) with the National Audit Department of Malaysia (NADM) on Monday, January 30, 2023. It continues the bilateral cooperation between the two institutions in the field of public sector audit.

The signing of the MoU is conducted online. BPK Chairperson Isma Yatun signs it from Jakarta, while Auditor General of Malaysia Datuk Seri Nik Azman Nik Abdul Majid signs it from Putrajaya, Malaysia.

The bilateral cooperation has been implemented for approximately 15 years since the first signing of the MoU in November 2007. The cooperation was renewed on February 12, 2017 to then meet an end on February 12, 2021.

In her remarks, the BPK Chairperson appreciates the Auditor General of Malaysia for the NADM's contribution and active role in ASEANSAI, ASOSAI and INTOSAI forums. She emphasizes that the NADM is a friend and a strategic partner of BPK within the Southeast Asia region to overcoming various challenges.

The Auditor General of Malaysia also appreciates BPK's active role in the international SAI communities. He conveys his support for the BPK's nomination as the Chairman of the INTOSAI in 2028.



■ Online signing of the MoU by BPK Chairperson Isma Yatun and Auditor General of Malaysia Datuk Seri Nik Azman Nik Abdul Majid.

In addition to the signing of the MoU, BPK and NADM also hold the 21st Technical Meeting to share knowledge regarding remote auditing and audit follow up. BPK Director of Public Relations and International Cooperation Bureau R. Yudi Ramdan Budiman moderates the discussion while BPK Audit Director II.A Winarno, accompanied by Thopan Aji P. and Reza Aryanto, becomes the resource person explaining about the remote auditing. On the other hand, NADM Director of Follow Up Audit Mohd Serjana Ibrahim delivers the topic of the audit follow up.

At the end of the meeting, BPK and NADM discuss the upcoming implementation programs of the bilateral cooperation. Several topics proposed for discussion at the 22nd Technical Meeting include audit of sharia compliance, audit of hajj financial management conducted by Tabung Haji Malaysia, follow-up audit and audit of the forest management.

With these implementations, BPK hopes that the good cooperation with the NADM will continue and be beneficial for the development of the audit capacity of the two institutions.

At the signing ceremony, BPK Chairperson is accompanied by Secretary General Bahtiar Arif and Director General of Audit II Nelson Ambarita. Meanwhile, the Auditor General of Malaysia is accompanied by Deputy Auditor General of Malaysia Roslan Abu Bakar and Director of International Relations, Research & Quality Assurance Review Division Sayed Alwee Hussnie. ~



Continuing BPK's Legacy, SAI20 - India Raise the Issues of Blue Economy and Responsible Artificial Intelligence (A.I.)

CAG INDIA PROPOSED TWO PRIORITY ISSUES THAT COULD BE RAISED IN THE SAI20 MULTILATERAL FORUM.

The Audit Board of the Republic of Indonesia has officially handover the Presidency of Supreme Audit Institution 20 (SAI20) to the Office of Comptroller and Auditor General (CAG) of India, on Tuesday (31/1/2023) virtually. The handover activity was carried out by the Secretary General of BPK, Bahtiar Arif, to the Deputy Comptroller and Auditor General of India, Parveen Mehta. In addition to the delegations from both SAIs, the Indonesian Ambassador to India, Ina Hagniningtyas Krisnamurthi, and representatives from the Indonesian Ministry of Foreign Affairs were also present.



■ Secretary General of BPK, Bahtiar Arif



We are pleased to hand over the baton of presidency to the Office of Comptroller and Auditor General of India.



■ Deputy Comptroller and Auditor General of India, Parveen Mehta

BPK Secretary General, Bahtiar Arif, in his remarks said he was honored to represent Indonesia in handing over SAI20 Presidency to CAG of India. "We are happy to pass the baton of the Presidency to the Office of Comptroller and Auditor General of India," said Bahtiar.

He added, under the Indonesian G20 Presidency, BPK succeeded in establishing SAI20. Further, with the full support of members, BPK has successfully adopted the Rules of Procedures (RoP) as a guideline for SAI20 sustainability. SAI20 Indonesia also endorsed a communique as a recommendation for G20 governance.

"We trust that India's Supreme Audit Institution, namely CAG India, will keep its shared commitment in promoting proper and accountable governance in the spirit of 'One Earth, One Family, and One Future'."

Deputy Comptroller and Auditor General of India Parveen Mehta stated, G20 is a strategic multilateral stage that connects developed and developing countries. The G20, she said, plays a strategic role in safeguarding the future of world economic growth and wealth. G20 members



Therefore, I am very pleased to inform you all that we are continuing from the previous Presidency (SAI20 in Indonesia), SAI20 will also be held in the G20 India Presidency.



represent 80 percent of the world's total GDP, 75 percent of world trade, and 67 percent of the world's total population.

"Therefore, I am very pleased to inform you all that we are continuing from the previous Presidency (SAI20 in Indonesia), SAI20 will also be held in the G20 India Presidency," he said.

Under the Indian Presidency, the G20 will focus on inclusive, equitable, and sustainable growth. Apart from that, the concept of LIFE, digital public infrastructure, and technology-based development in various fields ranging from health, agriculture, education and others.

CAG India proposed two priority issues that could be raised in the SAI20 multilateral forum. The first is about the blue economy. Meanwhile, the second issue is the responsible artificial intelligence (A.I.). "These two things reflect very important issues and need a fast and real collaboration," she said.

On this occasion, BPK also carried out a knowledge transfer related to BPK's experience in forming and chairing SAI20 in 2022. This presentation session was represented by the Director of Public Relations and International Cooperation of BPK, R Yudi Ramdan Budiman. In his presentation, he explained the activities of SAI20 in 2022, the process of communicating with other SAIs and stakeholders, and how the team and tasks are divided, as well as the official communication media used in the process. ~

Meeting SAI Germany, BPK Discusses Audit Management of UN Board of Auditors

THE MEETING OF THE TWO SAI LEADERS WAS
THE SECOND BILATERAL MEETING.



■ Bilateral meeting between BPK Chairman Isma Yatun, and the President of Bundesrechnungshof Kay Scheller at the Bundesrechnungshof Headquarter.

The Chairperson of the Audit Board of the Republic of Indonesia (BPK) Isma Yatun held a bilateral meeting with the President of the Bundesrechnungshof or the Supreme Audit Institution (SAI) of Germany Kay Scheller. The meeting was organized at SAI Germany headquarter in Bonn, Germany on Monday (13/2/2023).

The meeting aimed to strengthen bilateral cooperation and increase the synergy between SAI Germany and SAI Indonesia. Topics discussed include audit management of the United Nations Board of Auditors (UN BoA) and issues on the management of UN Panel of External Auditors. These topics were raised because SAI Germany is a member of the UN BoA for 2016-2022 and is currently a member of the UN Panel of External Auditors.

Various experiences from SAI Germany when being a member of the UN BoA is valuable information for BPK. As it becomes a reference in enhancing BPK's role as the UN external auditor.

In addition, discussion on issues concerning the UN Panels is also relevant for BPK, as BPK is currently the Chair of the UN Panels of External Auditor for 2023 period.

In her remarks, BPK Chairperson expressed her appreciation and gratitude to the President of SAI Germany for his warm welcome in receiving the Indonesian delegation and share if knowledge and experience. Moreover, BPK also had the opportunity to get input from SAI Germany, which has extensive experience in managing audits at UN BoA and is a member of UN Panels.

Isma also explained that currently BPK is increasing its role and contribution in regional and international areas. At the international level, BPK is trusted as Chair of the UN External Auditor Panel. While in the Southeast Asia region, BPK is the permanent secretariat of ASEANSAI (the SAI organization of ASEAN countries).

In response, the President of SAI Germany said that it was an honor to receive a visit from BPK. He also welcomed efforts to strengthen bilateral cooperation between the two institutions.

He also mentioned that good planning and management was one of the keys to success in managing UN BoA. Furthermore, the two SAIs share about the organization in their respective SAIs, among other things related to independence, mandate, duties, and resources, as well as roles in the international world.

The meeting of the two SAI leaders was the second bilateral meeting between the two. Previously, the two leaders held a bilateral meeting on the sidelines of the UN Panel of External Auditors in Santiago, Chile in November 2022. ~

Currently, BPK is increasing its role and contribution in regional and international sphere. At the international level, BPK is trusted as Chair of the UN External Auditor Panel. Meanwhile, in Southeast Asia, BPK is the secretariat of ASEANSAI.



BPK Delegation Attends SAI20 SOM in India

SAI20 SOM IS A CONTINUATION OF THE SUCCESS OF BPK'S LEADERSHIP AT SAI20 IN 2022.

The Audit Board of the Republic of Indonesia (BPK) delegation attended the SAI20 Senior Official Meeting (SOM) in Guwahati City, Assam-India, Monday-Wednesday (13 -15 March 2023). The delegation was led by Secretary General of BPK, Bahtiar Arif, accompanied by the Director of Public Relations and International Cooperation of BPK, R Yudi Ramdan Budiman.

SAI20 SOM is a continuation of BPK's success in SAI20 leadership in 2022. SAI20SOM was held by Supreme Audit Institutions (SAI) of India as Chair of SAI 20 under the G20 India Presidency in 2023.



■ Secretary General of BPK, Bahtiar Arif



Six SAI members of SAI20 were also present, namely SAI Australia, Brazil, Russia, Saudi Arabia, South Korea, and Turkey. Also attending the meeting were SAI Egypt, Oman, the United Arab Emirates, and representatives from the World Bank.

In this year's leadership, SAI India took the "Blue Economy and Responsible Artificial Intelligence" as theme of the discussion. On the first day of SOM, the delegates shared their views and experiences regarding the implementation of audit related to "Blue Economy and Responsible AI."

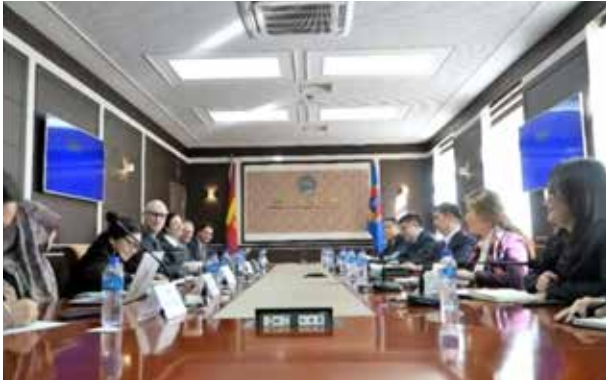
While on the second day, it is to discuss the draft communiqué which will be endorsed at the SAI20 Summit in June 2023 in Goa, India. The meeting was opened by the Comptroller and Auditor General (CAG) of India, Shri Girish Chandra Murmu.

In his remarks, he said that CAG India has completed a performance audit on coastal ecosystem conservation. This audit plays an important role in evaluating efforts in terms of planning, implementation, and mechanisms towards achieving the SDG 14-Life below water target.

The SAI20 engagement group is important in encouraging collaboration between SAIs. Particularly in creating policies and guidelines that can be implemented in the future. ~

Together with ANAO, BPK Conducts a Peer Review of the MNAO

THE FRAMEWORK USED TO CARRY OUT THE REVIEW IS SAI PMF CRITERIA DEVELOPED BY INTOSAI.



The Audit Board of the Republic of Indonesia (BPK) together with the Australian National Audit Office (ANAO) conducted a joint peer review of the Mongolia National Audit Office (MNAO). BPK's participation in the peer review which was conducted in Ulaanbaatar, Mongolia on 6-15 March 2023 is a step forward in an effort to increase auditor's experience in conducting peer reviews.

In this peer review, BPK assigned two reviewers, namely Fauzan Yudo Wibowo (Head of Research and Development on Performance Audit) and Prima Liza (Head of Audit Quality Assurance III). Meanwhile, ANAO assigned three reviewers, namely Kristian Gage (as team leader), Michael McGillion, and Lauren Dell.

The peer review was carried out with funding from the Asian Development Bank under the "Strengthening the Capacity of the State Audit Organization" project. Meanwhile, the framework used to carry out the review is SAI Performance Management Framework (SAI PMF) criteria developed by INTOSAI.

On the first day (6/3/2023), the joint peer review team met with the Auditor General of MNAO, D Zandanbat and management for an entry meeting. On this occasion, the Auditor General of MNAO conveyed about the importance of peer review activities.

He explained, the purpose of review was to show the public that MNAO had increased the independence and internal governance of SAI.

As the leader of the joint peer review team, Kristian Gage hopes that the peer review will run smoothly and be able to see the results of the legal and independence reform process carried out by MNAO.

The implementation of peer review conducted in Mongolia used the document review method and interviews with staff in units/departments at MNAO. It includes the State Audit Offices in several provinces and capital cities. Meetings were also held with staffs at the MNAO to get an overview on implementation of several matters related to the domain being reviewed.

Previously, the team had carried out a desk review at their respective offices and worked together at BPK head office from 27 February to 3 March 2023. During the peer review, the reviewers also had the opportunity to carry out a courtesy meeting and discussion with the Secretary General of BPK, Bahtiar Arif.

On that occasion, the challenges faced in conducting peer reviews were discussed. It also includes lessons learned from BPK's experience when conducting previous peer reviews. ~



BPK Vice Chairman Directly Supervised Audit on IMO

**BPK HOPED FINANCIAL AND PERFORMANCE AUDITS CAN INCREASE
THE EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL.**

The Audit Board of Indonesia (BPK) met with the International Maritime Organization (IMO) at IMO Headquarter in London, UK, on Thursday (16/3/2023). The meeting facilitated communication between the two institutions in regard with the financial dan performance audits of IMO for FY 2022.

Representing BPK, Vice Chairman Agus Joko Pramono was accompanied by Director of Global Partnership center Ikhtaria Syaziah as deputy auditor-in-charge, and Nanik Rahayu as audit supervisor. While from the IMO side, Secretary General Kitack Lim.

At the meeting, BPK Vice Chairman expressed his appreciation for all the support provided by IMO management during interim and preliminary audit held last year, as well as the field audit currently underway. Vice Chairman also communicated strategic matters related to audits as required in audit standards.



■ BPK Vice Chairman Agus Joko Pramono and IMO Secretary General Kitack Lim.

Apart from meeting with IMO Secretary General, Vice Chairman also supervised the current IMO audit, which has been the third year in auditing IMO. The audit scope was examining IMO's consolidated financial statements, which consisted of financial reports from IMO, World Maritime University (WMU) and International Maritime Law Institute (IMLI) FY 2022. Previously, BPK conducted an audit of WMU and IMLI's financial reports in early February 2023.

In terms of performance audit on IMO, this was the second year for BPK. The audit was carried out to explore key areas identified in the preliminary audit conducted in October 2022.

BPK hoped financial and performance audits can increase the efficiency and effectiveness of internal control. This included IMO governance as a UN specialized agency. ~

BPK Highlights Importance of Audit Cooperation with Law Enforcement in Bangkok

AS A SPEAKER, BPK SHOWED ITS ACTIVE ROLE IN CONTRIBUTING TO EFFORTS TO ERADICATE CORRUPTION.

Audit Board of Indonesia (BPK) attended the Regional Workshop on Enhancing the Collaboration between Supreme Audit Institutions (SAIs) and Anti-Corruption Bodies (ACBs) in Bangkok, Thailand on Wednesday (14/3/2023). In this event, BPK was present as one of the speakers, to respond an invitation from the United Nations Office on Drugs and Crime (UNODC).

The workshop was held for 3 days from Wednesday to Friday, 14-16 March 2023 at the Grande Centre Point Hotel Ploenchit, Bangkok. Representatives of SAIs and ACBs from 24 Asian countries attended the workshop. From Bangladesh, Bhutan, Brunei, Cambodia, China, India, Indonesia, Iran, Japan, Korea, Kyrgyzstan, Laos, Malaysia, Maldives, Mongolia, Nepal, Pakistan, Philippines, Singapore, Sri Lanka, Tajikistan, Thailand, Uzbekistan, and Vietnam.

Representing BPK were Director General of Investigative Audit Hery Subowo and Director of State/Local Separated Assets for Investigative Unit Hendratna Mutaqin.



In his presentation, Hery Subowo emphasized the importance of cooperation between audit institutions and law enforcement agencies and anti-corruption agency. According to Hery, corruption is a complex phenomenon that poses a serious threat to a country's economic development.

Therefore, cross-sectoral cooperation and collaboration among institutions as well as national and regional alliances from relevant authorities is crucial. It is also one of the strategies proven quite effective in efforts to prevent and eradicate corruption.

In the context of Indonesia, Hery Subowo explained the cooperation pattern between BPK and law enforcement agencies such as the National Police and the Attorney General's Office, including anti-corruption agencies such as the Corruption Eradication Commission (KPK).

The cooperation is framed through the signing of a memorandum of understanding (MoU). The MoU includes follow-up on BPK findings with indications of criminal acts of corruption, calculation of state losses, efforts to prevent corruption, exchange of information, and coordination between institutions in resolving corruption cases.

BPK's participation as a speaker in this activity is a form of its active role in contribution to efforts to eradicate corruption, as well as recognition of its competence and existence in international arena. ~





BPK Library received an award as

The National Reference Library with A Accreditation

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



Prayers and Hopes for BPK

STREAMS OF PRAYERS AND HOPES FLOWED FOR THE AUDIT BOARD OF THE REPUBLIC OF INDONESIA (BPK) FOR ITS 76TH ANNIVERSARY ON 1 JANUARY 2023. ALL BPK EMPLOYEES ARE EXPECTED TO BECOME STRONGER AND MORE POWERFUL IN OVERSEEING STATE FINANCES AND NATIONAL DEVELOPMENT.



BPK PLAYS A ROLE IN "INDONESIA MAJU" (INDONESIA ONWARD)

In the last 76 years of service in the Republic of Indonesia, BPK not only examines the management and accountability of state finances. Rather, BPK also ensures that state finances are used efficiently, effectively, and accountably to realize good governance. So, development carried out can be beneficial to improve people's welfare to realize Indonesia Maju.



Happy 76th anniversary to BPK. Hopefully, BPK can maintain its independence, integrity and professionalism. For a stronger BPK, a greater BPK.

————— **Indonesia's President, Joko Widodo**



ACTIVELY SAFEGUARDING THE DEVELOPMENT VISION

The establishment of the Audit Board of the Republic of Indonesia (BPK) 76 years ago was proof of government's commitment in upholding integrity and public trust in the management of state finance. Now, we are in the midst of our battle for 2045 Indonesia Golden vision. I hope BPK can play an active role in safeguarding this development vision while nurturing integrity and public trust in carrying out its duties.



Meanwhile, the era of transparency provides opportunities for BPK and auditors to maintain their existence and relevance. BPK is expected to continue being responsive, adaptive, and open to innovations while still upholding professionalism, independence and principle of good governance. To all BPK officials, I wish BPK a happy 76th anniversary. May BPK be stronger, greater, and continue to be a trustful audit institution in safeguarding state financial governance.

————— **Indonesia's Vice President, Ma'ruf Amin**



“ CONTINUE INITIATING POSITIVE CHANGES

As the only state financial audit institution, BPK has firmly established itself as an institution with a strong sense of independence, integrity and professionalism in realizing accountability for all.

I believe that with all its achievements and in the spirit of becoming greater and stronger, BPK will continue to bring positive changes for Indonesia's brighter future. Happy anniversary, BPK!



_____ **Speaker of the Indonesian People's Consultative Assembly, Bambang Soesatyo**

“ GUARDING THE STATE FINANCE FOR THE DEVELOPMENT OF OUR NATION

Happy 76th anniversary to BPK. This anniversary celebration is a good opportunity to reflect and evaluate for a stronger and greater BPK.

As an agency that oversees the management of state finance, BPK must continue operating in accordance to laws and ensuring that state funds are properly used for nation-building and the benefits of all people.

Once again, happy anniversary to BPK: be greater, be stronger.



_____ **Chairman of the Regional Representative Council, AA Lanyalla Mahmud Mattalitti**

“ GROW STRONGER AND MORE MATURE

76 is not a young age. During that time, BPK has shown clear evidence of its dedication to the country.

I congratulate BPK for the spirit and hard work. I hope that in its 76th year, BPK will grow stronger and more mature in safeguarding the state fund. Happy 76th anniversary!



_____ **Chief Justice of the Supreme Court, Muhammad Syarifuddin**

“ UPHOLDING INDEPENDENCE ”

76 is not a short time, but BPK has shown clear evidence of dedication to the state and always upholds independence, integrity, and professionalism. Happy anniversary, BPK. The stronger, the greater.

————— **Coordinating Minister for Economic Affairs, Airlangga Hartanto**



“ AN EXAMPLE IN TRANSPARENCY ”

I express my highest appreciation to BPK and its staff for the enthusiasm and hard work, especially in realizing quality state finance governance. I hope that at this fairly mature age, BPK will be more mature, resilient, and continue to grow in safeguarding state financial management, while setting an example and role model for transparency and accountability, especially in managing state finances.

————— **Minister of Home Affairs, Tito Karnavian**



“ GIVING ANSWERS TO CHALLENGES ”

BPK is an institution that oversees the management of state finances so that it continues to be transparent, accountable and effective as an important instrument to develop Indonesia realize its aspirations in becoming a developed, dignified, just, and prosperous country. As a supreme audit institution, BPK together will all other government agencies oversee the implementation and management of state funds.

I truly appreciate the role of BPK in ensuring that state financial instruments are always quality instruments. BPK always has answers to challenges faced by Indonesia today and in the future. Whether it be pandemic, climate change, technological change, geopolitics, or economic and demographic challenges. We at the Ministry of Finance express our appreciation and gratitude for the extraordinary cooperation and synergy so far.

Let's continue working together, hand-in-hand in managing finances in a credible, accountable manner, with integrity and professionalism for an advanced, prosperous, fair, and dignified Indonesia. Long live BPK!

————— **Minister of Finance, Sri Mulyani**



“ ROLE MODEL FOR ACCOUNTABILITY

For 76 years, BPK has made countless contributions to Indonesia. May BPK continue to be an institution that upholds independence, integrity, and professionalism. And always be a role model for Indonesian ministries and agencies in realizing accountability in managing state finances.

_____ **Minister of Health, Budi Gunadi Sadikin**



“ BPK HAS CONTRIBUTED TO TRANSFORMATION IN EDUCATION

BPK continues to make great contributions, encouraging improvements in achieving quality of government institutions in Indonesia. Particularly through efforts in encouraging and ensuring that every government institution implements effective, efficient and transparent state financial management. Our achievement at the Ministry of Education and Culture in launching and implementing 22 Merdeka Learning breakthroughs over the past 3 years cannot be separated from the role of BPK.

BPK’s major contribution to the transformation of education in Indonesia is to ensure that each Merdeka Learning program runs according to laws and regulations, targets beneficiaries appropriately, and has prospects for sustainable implementation. Thank you and highest appreciation to all officials and employees at BPK for the guidance and direction given to us to ensure that the programs we run are accountable.

We at the Ministry of Education and Culture are also committed to ensuring that the Merdeka Learning program runs according to the values of integrity and accountability. Happy 76th anniversary to BPK. I wish you all the success in moving forward stronger and greater, bringing Indonesia leap into the future.

_____ **Minister of Education, Culture, Research and technology, Nadiem Makarim**



“ WHOLEHEARTEDLY REALIZES ACCOUNTABILITY

We congratulate BPK for the achievement and hard work for the past 76 years. We also thank BPK for working wholeheartedly with all their might to create accountability for all. We hope, in its 76th year, BPK grows stronger and more mature in overseeing state finance. BPK stronger, BPK greater.

_____ **Minister of Social Affairs, Tri Rismaharini**





**COMMITTED UPHOLDING INTEGRITY,
INDEPENDENCE, AND PROFESSIONALISM**

76 years is not a short time, and BPK has shown clear evidence of its dedication to the country. I congratulate BPK for the enthusiasm and hard work that has materialized. Always stay committed upholding integrity, independence, and professionalism. I wish BPK going stronger, going greater.

————— **Minister of Religion, Yaqut Cholil Qoumas**



**GUIDING FOR
PERFORMANCE IMPROVEMENT**

We at the Ministry for Administrative and Bureaucratic Reform are happy to see BPK’s achievements. BPK does not only provide audit, but also fosters ministries, institutions and local governments in an effort to continuously improve their performance. Congratulations to BPK for its 76th anniversary. Keep preserving integrity, independence, and professionalism. Long live, BPK.

————— **Minister for Administrative and Bureaucratic Reform, Abdullah Azwar Anas**

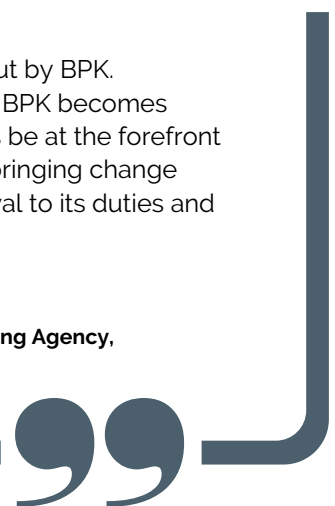


**BECOMING
A MODEL OF SERVICE**

For 76 years, BPK has shown to us its dedication to realizing quality and useful state financial governance to achieve state goals. BPK’s real contribution in realizing national development is manifested one way or another through the achievement of the 2020-2024 national development plan with the completion of follow-ups on BPK audit recommendations by ministries/agencies and local governments.

Indonesia is a fairly large country; thus, its financial management must be properly managed for the common good through a series of audits carried out by BPK. Bappenas is proud to see BPK’s achievements in the past 76 years. We hope BPK becomes even stronger and continue to grow while safeguarding state finance, always be at the forefront and become a role model in serving the country. Keep moving forward and bringing change for a bright future of Indonesia. And be an institutions that continues to be loyal to its duties and responsibilities for our beloved Indonesia.

————— **Minister of National Development Planning/National Development Planning Agency,
Suharso Monoarfa**





DON'T STOP INNOVATING

Happy 76th Anniversary to BPK. BPK has shown a spirit of independence, integrity and professionalism for 76 years of service in maintaining state financial governance. Through check and balance from BPK, transparent and sustainable organizational governance becomes easier to realize. Hopefully, at this increasingly mature age, BPK can grow more resilient and continue to innovate in realizing accountability for clean and responsible state financial management.

Minister of SOE, Erick Thohir



KEEP GOING AND BRINGING CHANGE

For 76 years, BPK has extraordinarily demonstrated clear evidence of its dedication in realizing state accountability. Bank Indonesia are proud of the various achievements of BPK. We also thank BPK for such close cooperation and various important inputs in realizing the accountability of Bank Indonesia as a state institution. We hope BPK will continue to move forward and be successful in bringing about changes for the sake of an advanced, prosperous and good governance of Indonesia.

Governor of Bank Indonesia, Perry Warjiyo



BPK THE CENTRAL POINT

BPK plays an important role in state financial governance. As an auditing institution, BPK is the central point so that all budget can be used properly and accountably. Happy 76th anniversary to BPK. Remain steady in maintaining capability and integrity.

Governor of Central Java, Ganjar Pranowo



INCREASINGLY TOUGH IN SAFEGUARDING STATE FINANCE

I wish BPK a happy 76th anniversary. Hopefully, BPK will be even more resilient in safeguarding state finance in order to realize transparent and sustainable financial governance, and continues to be a role model for other institutions.

Governor of West Java, Ridwan Kamil

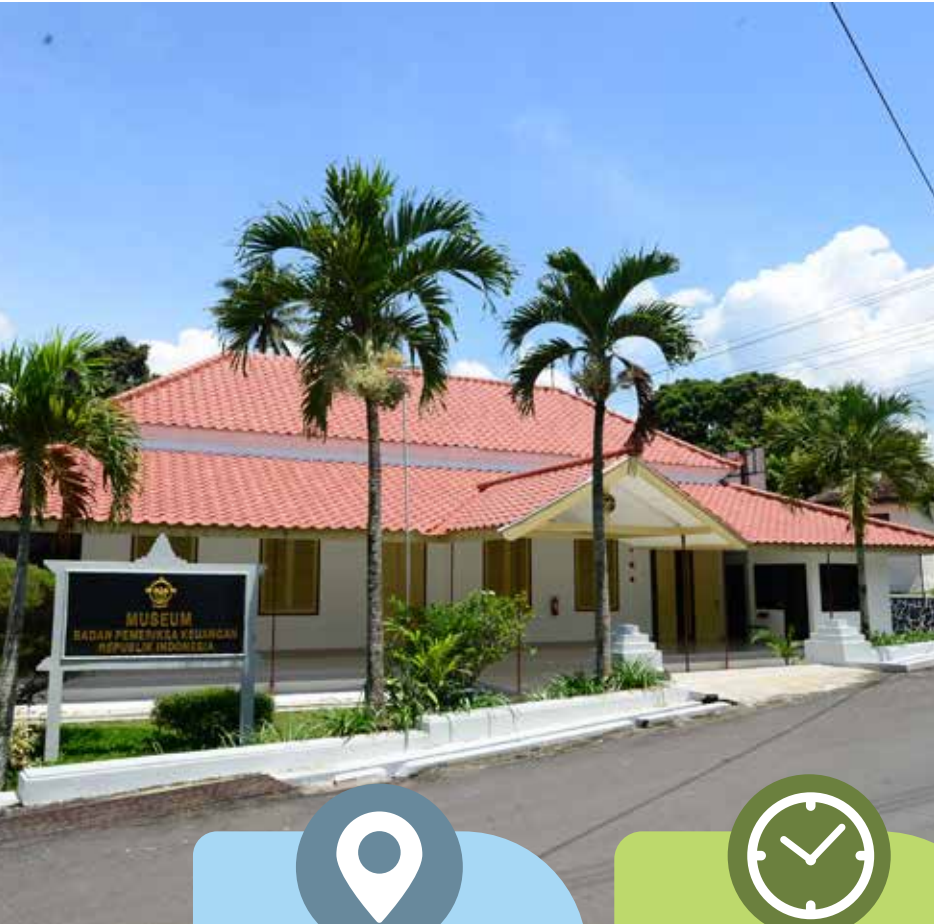




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Compliance with Principles of Energy Security and Sustainability

ENERGY SECURITY AND CERTAINTY WILL BE OBTAINED IF IT CAN GUARANTEE AVAILABILITY, PUBLIC ACCEPTANCE, AFFORDABILITY, AND GUARANTEED ACCESS TO ENERGY SOURCES.

Energy security is crucial for a country. Audit Board of Indonesia (BPK) as a supreme audit institution pays great attention to energy security in Indonesia. According to a study by Senior Advisor on Environment and Sustainable Development Edward Ganda Hasiholan Simanjuntak, there are a number of aspects worth considering in maintaining energy security.

The discourse on energy security emerged after former UK Prime Minister Winston Churchill responded to criticism towards conversion of British warship fuel from coal to oil: "safety and certainty in oil lie in variety and variety alone" (Daniel Yergin, 2006). The response emphasized not only on the importance of security and certainty in energy availability, but also the importance of energy for defense of a country.



The current belief on energy security and certainty would be obtained if it could guarantee availability, acceptability (public acceptance), affordability and accessibility (guaranteed access to energy sources), known as 4 A's principles. These principles must be achieved in a balance manner to realize energy security and manage its complex and multidimensional implications for social, environmental and economic conditions, including implications for international trade relations, sovereignty of a country and investment.

Energy security cannot be seen partially, short term and independently, apart from the influence of global energy issues such as climate change and SDGs. It becomes complex because apart from these aspects, energy security also includes dimensions of sustainability, which are social, economic, and environmental, as well as the supply and demand dimensions of global energy sources; all of which are interrelated and interacted among each other. This complexity develops over time and has different levels in the short, medium, and long term.

Analysis of the complexity of energy security is the aim of this study. The study analyzes the implementation of the 4 A's principles of energy security in Indonesia. The analysis

was carried out qualitatively by using secondary data such as reports, studies, literature, and journals from government and private agencies and institutions as well as international institutions.

Studies on coal energy sources provide conclusions on important aspects that need attention in implementing the principles of energy security. Important aspects of the implementation of the 4 A's principles of energy security can be the basis or consideration in planning and carrying out audits.



Several important aspects of analysis result on the implementation of the 4 A's principles in energy security:

a Energy security has 4 A's principles, namely availability, acceptability, affordability, and accessibility. Each principle interacts and influences each other so a balance needs to be maintained to achieve impacts on not only short-term economic growth, but also medium and long-term sustainable economic development.

b Policies related to energy security need to beware of supply stability at low or affordable as well as current issues such as fair access to modern energy, equity and justice, in addition to climate change mitigation and environmental damage.

c All programs and activities related to energy security at the stages of production and utilization of energy sources need to be planned and implemented in an integrated and coherent manner with climate change mitigation efforts and the implementation of the SDGs to make them more efficient and effective.

d The current scope of energy security cannot be isolated only to domestic variables/factors in a country, but must also include global variables/factors such as energy security policy patterns and global energy, especially countries of Indonesia's coal export destination as well as import origin, and parties making investments in Indonesia.

These important aspects related to energy and energy security can be used as considerations in planning and conducting audits. First, the audit objectives need to consider energy security as a means for achieving not only short-term economic growth, but also sustainable development.

Second, the audit objectives are multidimensional, integrated and coherent. Moreover, they focus on implementing the principles of energy security at all stages (from production to utilization of energy sources), and not only focus on supply stability and low process, but also on aspects such as fair access to modern energy, equity, justice and climate change mitigation as well as mitigation of other environmental damage (clean and efficient energy).

Third, the audit methodology considers benchmarking with other countries, a foresight approach, risk-based (to determine priority energy sources) and uses statistical analysis including forecasting and system dynamics. In addition, it also considers analysis of integration and coherence in all policies (laws and their derivatives in all central and regional agencies), and on economic instruments with national and regional development goals and plans in the short, medium and long term. ~



Economic instruments related to energy security include planning and implementation of activities (such as building natural and environmental balances, and internalizing environmental costs), funding, incentives and/or disincentives such as taxes, subsidies and technology development. All these instruments need to be carried out in an integrated and coherent manner with environmental protection efforts and involve all stakeholders, including local governments, industry sector, and neighborhood association (RT).

The conversion of fossil energy to non-fossil energy (or renewable energy) has complex dimensions and variables because it is necessary to consider all stages related to energy sources from production to consumption, global issues (international trade and investment), infrastructure sustainability of the existing energy resource (e.g., coal and electric steam power plant infrastructure), long-term and sustainable (gradual) timeline, and the need to ensure alignment of the conversion stages with national and regional economic development in the short, medium and long term.



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Maintaining the Organization through Technology

DNA IS A PLATFORM FOR MAINTAINING BPK ORGANIZATION.

The Audit Board of the Republic of Indonesia (BPK) developed the implementation of an enterprise architecture (EA) to strengthen the organization. The EA platform is named as the Digital Enterprise Architecture or BPK DNA.

Head of Information Technology Support for Audit and Performance Management Sub Division, IT Bureau of the Supreme Audit Agency, Pingky Dezar Zulkarnain, explained, EA is a framework used by an organization to develop existing

business processes in that organization. The framework development carried out, will follow the developments in the organization.

Pingky said, in a business process, EA will require the interrelationship of data, applications, and technology. "It becomes one unit and bound. The reference is the vision and mission of the organization. So, the main umbrella is BPK's vision and mission," he said.

DNA management is based on the BPK Strategic Plan. Pingky gave an example, DNA can map the direction of an organization's movement going forward. "What is it like now and how will it be when it is achieved later," said Pingky.

Pingky said, in the past, the implementation of EA used physical documents. In fact, BPK also has business process documents. However, there is a drawback as it will become difficult to trace the non-digitized documents. "If there is a business process that change for example, it will be difficult, we have to trace these documents," he said.

The selection of DNA names is accommodated from several inputs. By prioritizing digital elements, this is in accordance with BPK's wish to become a digital-based organization. This term also known as digital by default.

■ Head of Information Technology Support for Audit and Performance Management Sub Division, IT Bureau of the Supreme Audit Agency, Pingky Dezar Zulkarnain

"So, whatever the business process is, it will run on a digital platform," said Pingky.

He highlighted, DNA is not an application. He admits that there are still many who think DNA is an application created by the IT Bureau. He conveyed that DNA is a platform for maintaining BPK organization.

"So that our business processes are supported by sufficient data and generate useful data. In order for this business process to run quickly and accurately, it is strengthened by applications to support data flow. These are bound into one entity. So, it could no longer operate on their own," he said.

Pingky explained that DNA even played a role in the mechanism for changing business process at BPK. For example, in a business process, Ditama Revbang plays the role of validating. In that process, Revbang will refer to DNA.

Pingky gave an example, in the process of education and training for management level, there is a duty to develop a change project (proper). Before DNA existed, said Pingky, it was difficult to ensure whether a project was a repetition of the previous ones, so there was a possibility of redundancy of the project.

"For example, Person A created an audit entities database system. As it turned out, two years later someone else was making something similar," he said.

With DNA, such a thing can be checked, whether a similar project have existed or not. When exact or similar project existed already, said Pingky, then the project topic could be changed, or shall there is a refinement, it could strengthen the previous project.

Pingky said that DNA had mapped out 17 main business processes at BPK. DNA has also mapped whether there is data generated from these business process. Further, various applications used such as the Audit Management System (SMP), HR System (SSDM), and others were mapped. These things will all be included in the application architecture within the DNA.

"There will also collaboration between applications. So nothing is redundant," said Pingky.

Currently, Pingky said, BPK is also developing BPK GO application. The application is a facade of various applications that have been made before.

“
So that our business processes are supported by sufficient data and generate useful data. In order for this business process to run quickly and accurately, it is strengthened by applications to support data flow. These are bound into one entity. So, it could no longer operate on their own.



With BPK GO, BPK employees now no longer need to switch between applications. For example, for the process of applying for leave, daily attendance, and tasks management, you can go through BPK GO. This linkage can be mapped thanks to DNA.

DNA can also be used to identify new BPK employees. If a new employee wants to know their job, they can access DNA.

"For example, they are assigned in a work unit. They can see their work-relationship with anyone, any related regulations, and others, including KPI and relevant risks," he said.

With DNA, BPK can see the challenges faced by applications from every business process. Through DNA, it could identify a business process that does not yet have application support.

"So, the result is that all the efforts made by the organization, will be focused on realizing the achievement of BPK's vision, mission, and objectives. No activity is wasted," he said.

Pingky said that the birth of DNA was driven by the Covid-19 pandemic in 2020. At that time, BPK's IT Bureau saw that there were tasks that needed to be aligned, especially when there were many requests for making new applications as a response to the formation of new ways of working during the pandemic. The Secretary General of BPK then determined the development of an EA in the 2020-2024 ICT Master Plan, which was prepared by the IT Bureau together with Ditama Revbang to realize this EA.

"We conveyed that it is about time for us to have an EA, in line with BPK's business processes that continue to grow," said Pingky.

DNA developed gradually. After receiving approval in 2020, the team built the platform and launched it under the name DNA in 2021. "When the shape is visible, it can be socialized to employees," he said.

In 2022, detailed and enrichment efforts were carried out. Furthermore, this year, there will be a massive outreach to all employees.

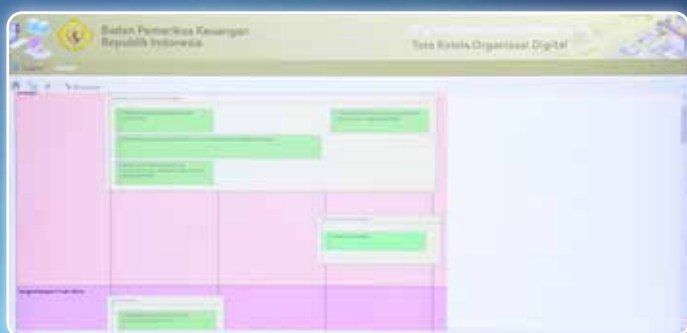
In the future, a mechanism will be prepared so that employees or work units can propose improvements to their respective business processes. Currently, the procedures and mechanisms for managing DNA are in the process of being drafted. This process involved several work units, not only the IT Bureau, but also other work units such as the Research and Development unit (Litbang), Strategic Planning and Performance Management unit (PSMK), and the Finance Bureau.

"We also build DNA in line with SAI PMF. So we can see compliance with the assessment indicators," he said.

Pingky said, the main challenge at the moment is the lack of human resources who understand the concept of EA. One way to overcome this problem is to organize a certification for EA expertise. Currently, there are six people who have obtained the certification.

In the future, said Pingky, there will be more EA certifications. According to him, this year will be a year of outreach to employees so that more human resources understand the function of DNA.

"So no one thinks that DNA is an application made by IT Bureau," said Pingky. ~





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Improving Transparency and Accountability in Indonesia's Public Administration: Lessons Learned from Recent Reform

IN INDONESIA, IMPROVING TRANSPARENCY AND ACCOUNTABILITY IN PUBLIC ADMINISTRATION HAS BEEN A CRITICAL PRIORITY FOR THE GOVERNMENT. CORRUPTION, INEFFICIENCY, AND POOR SERVICE DELIVERY HAVE LONGSTANDING ISSUES HINDERING INDONESIA'S DEVELOPMENT.



**MUHAMMAD FAUZAN
HAPPE**

BPK PERWAKILAN
PROVINSI PAPUA

Introduction

Transparency and accountability are essential elements of good governance. They promote public trust in government institutions and ensure public resources are used efficiently and effectively. In Indonesia, improving transparency and accountability in public administration has been a critical priority for the government.

Corruption, inefficiency, and poor service delivery have longstanding issues hindering Indonesia's development. Recent reforms have been implemented to address these challenges and improve public administration. This essay explores the lessons from recent reform efforts to improve transparency and accountability in Indonesia's public administration.

The body of the essay will discuss specific reform efforts in Indonesia's public administration, such as establishing independent oversight bodies, adopting e-government systems, promoting transparency in public procurement processes, and Challenges and Strategies to Overcome Them. The challenges faced in implementing these reforms will also be examined, along with strategies to overcome them.

The Body

I. OVERVIEW OF INDONESIA'S PUBLIC ADMINISTRATION

Indonesia's public administration comprises various government agencies, departments, and ministries at the national and local levels. Since transitioning to democracy in 1998, Indonesia has undertaken significant reforms to improve its public administration system.

One of the critical reforms has been decentralization, which has shifted power from the central government to local governments. This has led to greater accountability and responsiveness to the needs of citizens at the local level. However, challenges still need to be addressed to ensure that local governments have the capacity and resources to provide public services and manage public resources effectively.

Corruption is a significant issue in Indonesia's public administration, ranking 110th out of 180 countries in Transparency International's Corruption Perceptions Index in 2022. Inefficient and opaque bureaucratic procedures, inadequate checks and balances, and weak enforcement mechanisms have contributed to the persistence of corruption in the public sector.

Furthermore, the provision of public services in Indonesia has been hindered by inadequate infrastructure, limited resources, and a lack of capacity among public officials. These challenges have led to poor service delivery, particularly in remote and rural areas of the country.

To address the challenges, the Indonesian government has undertaken various reform efforts to improve transparency and accountability in public administration. These efforts have included the establishment of independent oversight bodies, the adoption of e-government systems, and the promotion of transparency in public procurement processes. These reforms have made significant progress in addressing the challenges of corruption, inefficiency, and poor service delivery. However, extensive work must be done to ensure that Indonesia's public administration is transparent, efficient, and accountable.

II. ESTABLISHMENT OF INDEPENDENT OVERSIGHT BODIES

One of the critical reform efforts to improve transparency and accountability in Indonesia's public administration has been the establishment of independent oversight bodies. The Corruption Eradication Commission (KPK), the Financial Transaction Reports and Analysis Center (PPATK), and the Ombudsman are established to promote transparency and accountability in public administration.

The KPK has been particularly effective in combating corruption, with several high-profile cases resulting in the prosecution and imprisonment of corrupt officials. The PPATK has played a vital role in detecting and preventing money laundering and terrorist financing. The Ombudsman has provided a mechanism for citizens to voice their grievances and hold public officials accountable.

III. ADOPTION OF E-GOVERNMENT SYSTEMS

Another critical reform effort has been adopting e-government systems to improve the efficiency and transparency of public administration. The introduction of online platforms for public service delivery, such as e-taxation, e-procurement, and e-citizenship, has streamlined bureaucratic procedures and reduced opportunities for corruption.

The e-procurement system, for example, has increased transparency in public procurement processes by allowing real-time monitoring of procurement activities and reducing the possibility of collusion between government officials and private contractors. Adopting e-taxation has also simplified tax payment procedures, reducing opportunities for corruption and increasing government revenue.

IV. PROMOTION OF TRANSPARENCY IN PUBLIC PROCUREMENT PROCESSES

Transparency in public procurement processes is essential for ensuring that public resources are used efficiently and effectively. The Indonesian government has implemented several measures to promote transparency in public procurement, such as the adoption of the Electronic Procurement System (SPSE) and the requirement to publish procurement plans and tender results on government websites.



Corruption is a significant issue in Indonesia's public administration, ranking 110th out of 180 countries in Transparency International's Corruption Perceptions Index in 2022. Inefficient and opaque bureaucratic procedures, inadequate checks and balances, and weak enforcement mechanisms have contributed to the persistence of corruption in the public sector.

However, challenges remain in ensuring that these measures are effectively implemented and enforced at the local level. Capacity-building and training for local officials and greater public participation and oversight are needed to ensure that public procurement processes are transparent and accountable.

V. CHALLENGES AND STRATEGIES TO OVERCOME THEM

While significant progress has been made in improving transparency and accountability in Indonesia's public administration, challenges remain in implementing and enforcing reforms. Coordination between government institutions, capacity-building and training for public officials, and local governance are among the key challenges that must be addressed.

To overcome these challenges, the government must continue to invest in training and capacity-building for public officials, enhance coordination between government institutions, and promote transparency and accountability at the local level. Civil society organizations and citizens also have a crucial role in holding government officials accountable and advocating for greater transparency and accountability in public administration.

Conclusion

Improving transparency and accountability in Indonesia's public administration is an ongoing process that requires sustained effort and commitment from government officials, civil society organizations, and citizens. Recent reform efforts have significantly addressed the challenges of corruption, inefficiency, and poor service delivery. Establishing independent oversight bodies, adopting e-government systems, and promoting transparency in public procurement processes have all contributed to improving public administration in Indonesia.

However, challenges still must be addressed, particularly in coordination, capacity-building, and local governance. To address these challenges, the government must continue to invest in training and capacity-building for public officials, enhance coordination between government institutions, and promote transparency and accountability at the local level. Civil society organizations and citizens also have a crucial role in holding government officials accountable and advocating for greater transparency and accountability in public administration.

Improving transparency and accountability in Indonesia's public administration is essential for promoting good governance, increasing public trust in government institutions, and achieving sustainable development. The lessons learned from recent reform efforts can provide valuable insights for other countries grappling with similar challenges in public administration. ~

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Accounting Treatment for Impairment of Non-Cash-Generating Assets

IMPAIRMENT OF ASSET VALUE IS COMMONLY FOUND IN GOVERNMENT ENTITIES. HOWEVER, FOR THESE CONDITIONS, THERE HAS NOT BEEN A GOVERNMENT ACCOUNTING STANDARDS THAT SPECIFICALLY REGULATES. THEREFORE, THE IMPACT ON THE FAIRNESS OF FINANCIAL STATEMENTS HAS NOT BEEN ASSESSED.



BENI RUSLANDI

**STAF AHLI
BIDANG KEUANGAN
PEMERINTAH PUSAT**

Assets, especially fixed assets, are generally accounts that have a material value. In addition, the BPK Audit Report (LHP) often presents problems regarding assets. The LHP of the Central Government Financial Statements (LKPP) in recent years presented issues related to Fixed Assets. For example, in the 2021 LHP LKPP on the Internal Control System and Compliance with Laws and Regulations, problems related to fixed assets were found. These problems include the existence of fixed assets controlled/used by other parties that do not comply with regulations worth Rp11,715.41 billion, abandoned constructions in progress (KDP) valued at Rp877.64 billion, and heavily damaged assets that have not been reclassified worth Rp6.24 billion. Even though these fixed assets are no longer providing the economic benefits they should be, they are still presented at the carrying amount, which is the acquisition cost minus the accumulated depreciation of these assets. The government entity has not recognized the loss following the reduced benefits of the fixed assets. This condition occurs because there has not been a Government Accounting Standard Statement (PSAP) that specifically regulates the recognition of losses due to reduced benefits or service potential of an asset that exceeds the recognition of reduced benefits through depreciation (amortization).

Regarding the accounting treatment of losses arising from an asset or group of assets that no longer or provides a little potential for services to entities, the International Accounting Standards Board (IASB) has issued IPSAS 21— Impairment of Non-Cash-Generating Assets.

THE INTERNATIONAL ACCOUNTING STANDARDS 21 (IPSAS 21)

IPSAS 21 distinguishes assets into two major groups, namely cash-generating assets and non-cash-generating assets. The former refers to assets held with the primary objective of generating a commercial return, and the latter refers to other assets not included in the former group. Assets owned by Government entities and used for operational activities of Government entities are generally non-cash-generating assets.

When Non-cash-generating assets are no longer able to provide the benefits they should or were planned previously, these Non-cash-generating assets have experienced impairment.

An impairment is defined as a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortization).

At each reporting date, entities are required to assess whether there is any indication that an asset may be impaired. If such an indication exists, the entity needs to estimate the recoverable amount of the asset.

Conditions that indicate impairment include: 1) Cessation, or near cessation, of the demand or need for services provided by the asset; 2) Significant long-term changes with an adverse impact on the entity have been occurring during the period, or are expected to occur in the near future, in the technological, legal or governmental policy environments in which the entity operates; 3) There is evidence of physical damage to an asset; 4) Significant long-term changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the assets becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date; 5) A decision to halt the construction of the asset before it is complete or in a usable condition; and 6) Evidence from internal reporting indicates that the service performance of an asset is, or will be, significantly worse than expected.

Apart from these conditions, the following conditions also indicate impairment, namely 1) an asset's market value has decreased significantly more than expected as a result of the passage of time or normal use; or 2) A significant long-term decline (but not necessarily a cessation or near cessation) in the demand for or need for services provided by the asset; 3) Significantly higher costs of operating


or maintaining the assets, compared with those originally budgeted; and 4) significantly lower service or output levels provided by the asset, compared with those originally expected due to poor operating performance.

If these conditions occur and result in the recoverable service amount of an asset is being less than its carrying amount, the entity must measure and recognize losses due to impairment. The difference between the carrying amount of the asset and its recoverable service amount is the value of an impairment loss. The recoverable service amount is defined as the asset's fair value minus costs to sell.

An impairment loss shall be recognized immediately in surplus or deficit. After the recognition of an impairment loss, the depreciation (amortization) charge for the asset shall be adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

On the other hand, previously recognized impairment losses could be revised. An entity needs to assess at each reporting date whether there is any indication that an impairment loss recognized in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the entity is required to estimate the recoverable amount of that asset.

Conditions that indicate the need for revision of previously recognized impairment losses include 1) Resurgence of the demand or need for services provided by the asset; 2) Significant long-term changes with a favorable effect on the entity have taken place during the period, or will take place in the near future, in the technological, legal, or government policy environment in which the entity operates; 3) Significant long-term changes with a favorable effect



The significant amount of audit findings that indicate the occurrence of asset impairment raises the idea of the need for BPK auditors to consider the impact of these problems on the fair presentation of asset values in the balance sheet of government entities.

on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, the asset is used or is expected to be used. These changes include costs incurred during the period to improve or enhance an asset's performance or restructure the operation to which the asset belongs; 4) A decision to resume construction of the asset that was previously halted before it was completed or in a usable condition; and 5) Evidence from internal reporting indicates that the service performance of the asset is, or will be, significantly better than expected.

Other conditions that indicate the need for revision of expected impairment losses include 1) A significant rise in an asset's market value; or 2) A significant long-term increase in the demand or need for the services provided by the asset.

An impairment loss recognized in prior periods for an asset shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable service amount. That increase is a reversal of an impairment loss.

A reversal of an impairment loss for an asset shall be recognized immediately in surplus or deficit. After a reversal of an impairment loss is recognized, the depreciation (amortization) charge for the asset shall be adjusted in future periods to allocate the asset's revised carrying amount, minus its residual value (if any), on a systematic basis over its remaining useful life.

WHAT CAN BE DONE?

The number of cases and the magnitude of the value of the problems related to assets that have experienced impairment can raise questions about the fairness of asset balances presentation. However, the measurement and presentation of the impairment value of these assets are constrained by the absence of a PSAP that specifically regulates these conditions.

To assist government entities in determining the appropriate accounting treatment for these

conditions, IPSAS 21 can be used as a reference. The use of IPSAS 21 as a reference can be carried out by referring to PSAP No. 10 Accounting Policies, Changes in Accounting Policies, Errors, Changes in Accounting Estimates, and Discontinued Operations (Revision 2020). Paragraphs 8 and 9 of the PSAP stipulate that in the absence of PSAP that specifically regulates certain transactions, events or conditions, the entity uses judgment in developing and applying an accounting policy, by referring, at least, to statements issued by the International Public Sector Accounting Standards Board (IPSASB).

POTENTIAL CHALLENGES IN THE IMPLEMENTATION OF IPSAS 21

The potential challenges that will be faced when implementing IPSAS 21 include 1) invalid asset data; 2) assets classification into a commercial and non-commercial group; 3) calculating the capacity or service potential planned to be provided by the asset; 4) decision to discontinue use of assets either due to demand or need; 5) physical damage assessment of an asset, to assess the service performance of an asset whether it is, significantly worse than expected; and 6) identification of Construction in Progress (KDP) which was halted before it was completed or before in usable condition.

CLOSING

The significant amount of audit findings that indicate the occurrence of asset impairment raises the idea of the need for BPK auditors to consider the impact of these problems on the fair presentation of asset values in the balance sheet of government entities. Although there has not been a PSAP that specifically regulates accounting for these conditions, with reference to PSAP No. 10 Revision 2020 Paragraphs 8 and 9, Government entities and BPK auditors can use IPSAS 21 as a reference.

To implement IPSAS 21, the availability of accurate data and information is needed. Such data and information are needed to decide whether an asset is impaired or not. Likewise, appropriate methods for measuring future impairment, or measuring recoverable amounts, are also needed. Among these things, the availability of adequate human resources is a must. ~

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2. Komite Standar Akuntansi Pemerintahan (2021); Pernyataan No. 10 (Revisi 2020) - Kebijakan Akuntansi, Perubahan Kebijakan Akuntansi, Kesalahan, Perubahan Estimasi Akuntansi, Dan Operasi Yang Dihentikan; 197
3. The International Accounting Standards Board (2004); IPSAS 21 - Impairment of Non-Cash-Generating Assets

National Oil Companies Roles in the Global Context

DUE TO THEIR ECONOMIC AND POLITICAL STRENGTH, SEVERAL OF THESE CORPORATIONS HAVE ATTAINED THE STATUS OF "STATES WITHIN THE STATE," MAKING THEM LARGELY UNCONTROLLABLE BY HIGHER AUTHORITIES.



ROZIQIN

BIRO SDM BPK RI

The Pertamina depot fire, which killed many residents around the depot in early March 2023, shocked many people. When this article was written, controversy arose regarding which one should be moved, the residents or the depot. Given the frequent occurrence of depot fires, something must have gone wrong in managing the depot. As a national oil company, Pertamina seems to work without any supervisor. For this reason, the author will discuss the strategic role of National Oil Companies (NOCs) in a broader context.

NOCs, with at least 33.4% central government ownership, control worldwide oil and natural gas markets and most national, regional, and local electricity markets. Much of the world's oil and natural gas extraction is carried out by companies wholly or partially owned by the state. By 2020, they will have 80% to 90% of the world's proven oil and natural gas reserves and a similar percentage of crude oil exports. By 2020, they had probably bought between 40 and 50 per cent of all oil from overseas traders.

These NOCs have grown into global powerhouses as suppliers and consumers of oil and natural gas. By measures of revenue, capital expenditure, and product/service acquisition, they rank among the world's top business enterprises. Because the oil in the ground represents resource capital for the landowner, the basis is economic rent, which is the surplus profit over the typical return on capital, adjusted for risk. In the 21st century, these NOCs have been able to capitalize on their advantageous upstream positions to amass large fortunes due to the high oil price.

The purpose of creating NOCs was to collect economic rent, the value added by oil and natural gas that exceeds their costs. Government discount rates are often lower than those used by the private sector. Due to their high legal autonomy, they can issue money and borrow at lower rates within the country. Companies, especially FDIs from outside, typically require a post-tax return on capital investment significantly higher than the government discount rate in the target nations. With this disparity in mind, governments may be enticed to set up their enterprises with the mandate to seek a lower rate of return on investment for projects funded with public funds or with government-guaranteed loans.

Due to their economic and political strength, several of these corporations have attained the status of "states within the state," making them largely uncontrollable by higher authorities. Most typically, NOCs and other state-

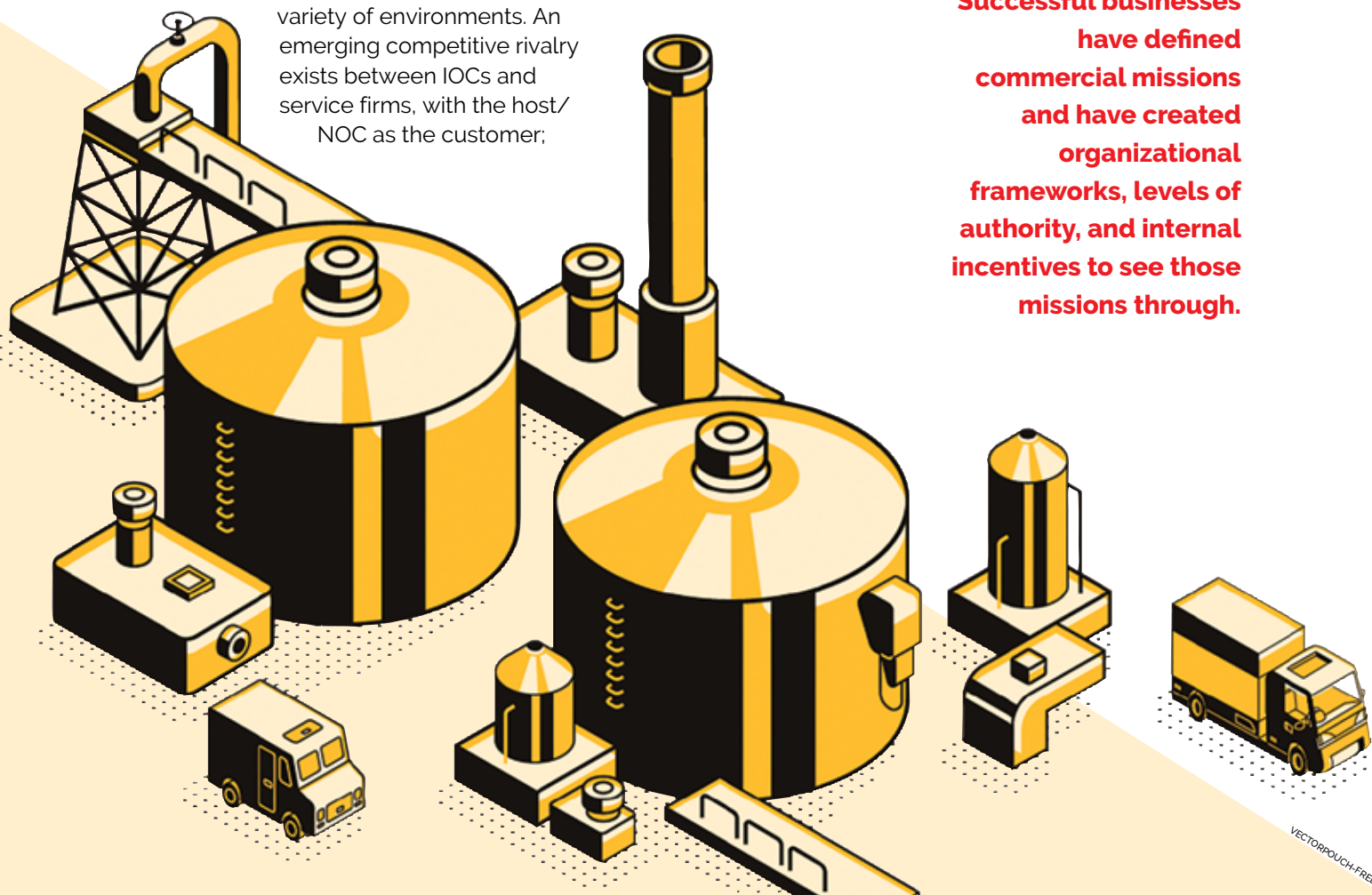
owned energy companies start out being helpful to governments and politicians in power for services delivered to voters and special interests. Eventually, they will become indispensable and untouchable. As state-owned corporations grow more powerful and influential, accountability and oversight will erode. This introductory narrative has played out over a century in countless countries and political and economic systems. The instruments of government now play the role of the government itself.

The transfer of decision-making power from governments to their corporations is constrained by the industry's fundamental characteristics, including its high capital requirements and technological complexity. Capital requirements provide formidable entry barriers, allowing established players to discourage new entrants through competitive pricing and laying the groundwork for a market structure characterized by a few sellers across crude oil production and refining sectors.

Even though the growth of NOCs tipped the scales in favour of their ability to exert influence over the world's hydrocarbon resources, these companies now must contend with various political and economic considerations that affect their ability to achieve success. It has far-reaching effects on their respective strategic goals, necessary talents, and business strategies. The requirement to collaborate and compete with some of the same individuals complicates the competitive dynamics in NOCs, especially in direct competition. International Oil Companies (IOCs) have been essential to NOCs because they are typically more advanced in their knowledge and experience and can therefore assist with

transferring technology to a wider variety of environments. An emerging competitive rivalry exists between IOCs and service firms, with the host/ NOC as the customer;

“
Most established oil-producing states prefer more conventional commercial enterprises whose top priorities are maximization of profit and minimization of expenditures. Successful businesses have defined commercial missions and have created organizational frameworks, levels of authority, and internal incentives to see those missions through.



this competition may develop if IOCs risk losing relevance and service companies effectively allow this growth. As NOCs strengthen their vertical integration and global footprint, there is also rising cooperation and competition among them.

There has been a fall in the importance and involvement of IOCs in the oil markets due to their inability to tap into cheap sources. IOCs are putting more resources into risky and unprofitable areas, including shale gas, tight oil, and deep-water activities. Against a backdrop of diminishing oil production in current fields and constrained access to low-cost fields, reserve growth in restricted access or higher-cost locations, integrated oil firm profit margins have also suffered.

The NOCs with more resources often have the edge over the IOCs. They have abundant natural resources and are beginning to exercise more authority. They have become much more self-sufficient than in the past as they increasingly try alternate owner-operator models, thanks to the growth of their in-house capabilities (both assets and skills) and the direct engagement of service firms. With the rise in oil prices and easier access to financing markets, NOCs can now better compete for and finish large-scale international projects and acquisitions.

The domestic operations of NOCs are less likely to be impacted by global political risk because of their private foundation. When compared to IOCs, NOCs have more political clout. As a result, they may be able to secure concessions that IOCs cannot obtain or better mitigate political risks overseas through government-to-government relationships and negotiation strategies, enabling them to safeguard their international assets through the political or even military influence of their parent. NOCs need only ensure compatibility with national goals and policies. They are much less moved by concerns of Wall Street, regulators, or the media. IOCs worry about them and are reluctant to invest in long-term prospects or unstable areas of the world (and must comply with international sanctions).

Both standard and unique strategic and operational difficulties affect NOCs. As a result of their unique nature, many NOCs are plagued by operational inefficiencies and governance issues. This phenomenon is so common that it has earned the name "the resource curse" in academic circles. Corruption, political influence, incompetent decision-making, and "mission-muddling," where the organization loses its path, all contribute to

inefficiencies, as can bad management practices, wasteful labour, and excessive staffing.

As NOCs grow more extensive and diverse (e.g., through foreign investment and vertical integration), they progressively need to strengthen their management systems for financial risk management, portfolio management, procurement, contracting and risk sharing, forecasting, and cash management. Although many foreign workers have been brought in, talent management (i.e., attracting, training, and keeping them) remains a top priority.

Almost every NOC is required by law to work in a "commercial" capacity. However, the precise nature of this job is not always explicit. Leading NOCs have carefully and strategically outlined this responsibility. Most established oil-producing states prefer more conventional commercial enterprises whose top priorities are maximization of profit and minimization of expenditures. Successful businesses have defined commercial missions and have created organizational frameworks, levels of authority, and internal incentives to see those missions through. When a NOC is unable or unwilling to commercialize, it is frequently because of obstacles such as a weak regulatory environment with increased risks of favouritism and corruption, a lack of access to finance required for reinvestment, and a lack of clarity surrounding the functions of the firm.

A historically commercial NOC that seeks primary responsibility for managing exploration and production activities may not be the best choice in countries with limited oil reserves or young oil industries. However, even within this group, the best results have come from countries whose governments have carefully structured NOC responsibilities to commercial, quasi-commercial, and non-commercial activities; by defining what the company and other institutions can and cannot do and setting a clear strategic path for the NOC, an emerging producer increases its chances of managing the oil sector effectively and accountably.

Once the company has settled on a commercial plan, it must ensure adequate capital to implement that strategy. It cannot be accessible when the NOC hopes to engage in expensive operational activities. With many project costs falling on the NOC's shoulders, the organization must typically shell out significant funds upfront to fund a venture that may not start generating profits for another seven to fifteen years. These businesses require consistent funding to implement long-term plans. ~

1-4
Chairperson Isma Yatun attends the entry meeting and signs the MoU with JAN Malaysia, January 30, 2023.



5-6
Chairperson Isma Yatun holds a hearing with Chairman of the People's Consultative Assembly (MPR) Bambang Soesatyo on January 13, 2023. Board Member V Ahmadi Noor Supit is also present in the meeting.

7-8
Chairperson Isma Yatun accompanied by Board Member II Daniel Lumban Tobing receives the 2022 Unaudited Annual Financial Report of the Indonesian Central Bank (LKTBI). Bank Indonesia Governor Perry Warjiyo hands the report to BPK at the Auditorium of the BPK Head Office on Tuesday, January 31, 2023.





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9 Board Member I Nyoman Adhi Suryadnyana attends the entry meeting on January 26, 2023.

10 Board Member IV Haerul Saleh leads the entry meeting attended by Minister of Public Works and Housing Basuki Hadimuljono on January 24, 2023.



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11-13 Board Member III Achsanul Qosasi is present at the entry meeting of the Directorate General of Audit III on January 11, 2023.

14-16 Board Member VI Pius Lustrilanang in a hearing with Minister of Health Budi Gunadi Sadikin on January 30, 2023.

17-18 Board Member VII Hendra Susanto participates in a team building held by the Directorate General of Audit VII, January 18-20, 2023.



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19-20

Submission of OJK & LPS Financial Statements and entry meeting attended by BPK Chairperson, Isma Yaton, accompanied by Board Member II of BPK, Daniel Lumban Tobing, on 3 February 2023.



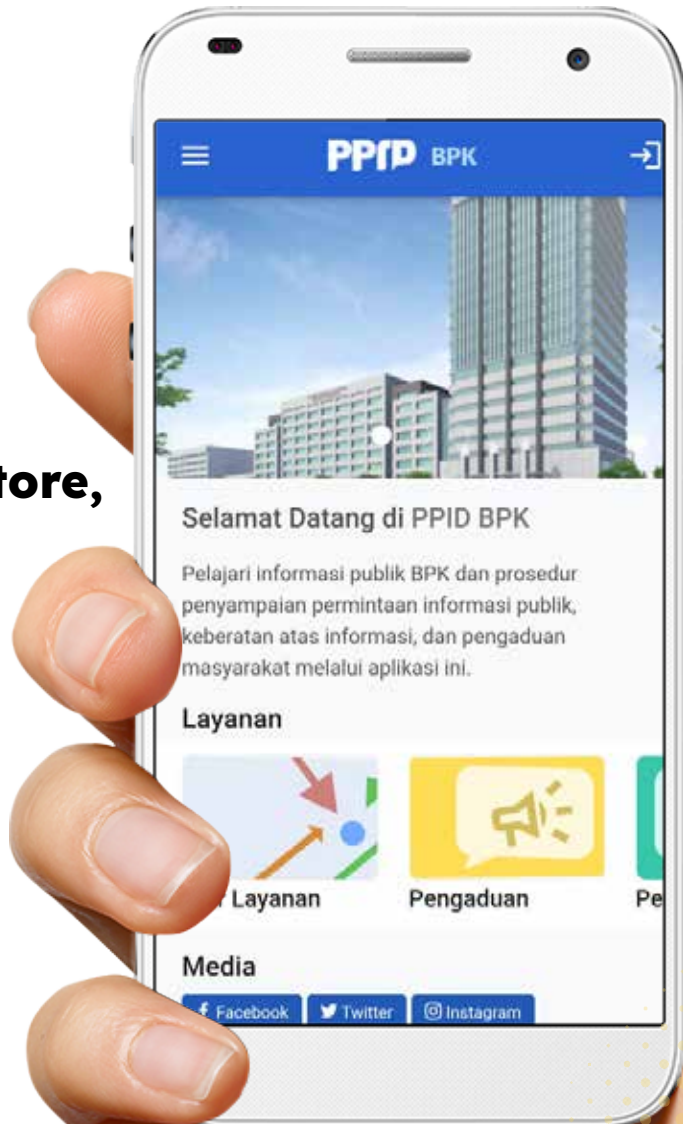
21-22
Board Member I of BPK, Nyoman Adhi Suryadnyana, attended the Leaders Meeting (Rapim) of Indonesian Military (TNI) on 9 February 2023.

23-24
Entry meeting of the Ministry of Finance was attended by Board Member II of BPK, Daniel Lumban Tobing, 10 February 2023.



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25-26

Submission of Performance Audit Report of Supreme Court of Indonesia was attended by Board Member III of BPK, Achsanul Qosasi, 17 February 2023.

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Board Member III of BPK, Achsanul Qosasi, attended the submission of Performance Audit Report of The State Administration Agency (LAN RI) on 17 February 2023.



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28-30

Audit supervision by Board Member IV of BPK, Haerul Saleh, at the Great Hall Cimanuk-Cisanggarung River Basin in Cirebon on 16 February 2023.



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Entry meeting within Directorate General of Audit V were attended by Board Member V of BPK, Ahmadi Noor Supit, 9 February 2023.



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32-34

Board Member VII of BPK Hendra Susanto attended the 2023 BSI Charity Concert. Collaborating with the Twilite Orchestra hosted by Addie MS, the event was held on 28 February 2023. The concert was also enlivened by Marcell, Cakra Khan, Andien, Farel Prayoga, and Lea Simanjuntak who performed several legendary songs from Chrisye and Didi Kempot.



34



35-38
BPK leadership attended the entry meeting and submission of Central Government Financial Report Unaudited on March 28, 2023. The financial report was submitted by the Ministry of Finance Sri Mulyani as the representative of the Government to Chairperson of BPK Isma Yatus.



39-41
BPK Chairperson Isma Yatus attended the *Tarhib Ramadhan* on 17 March 2023.

42
Courtesy call between BPK Chairpoerson Isma Yatus and Bank Mandiri, 21 March 2023.

43
BPK Chairperson Isma Yatus met with the management of Indonesian Soft Tennis on 24 March 2023.



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44-46

BPK Chairperson Isma Yatun was present for the inauguration of the Chief Justice and Deputy Chief Justice of the Constitutional Court of the Republic of Indonesia. The inauguration was also witnessed by President Joko Widodo.

47-48

Submission of the compliance audit report on spatial management and land services FY 2021 to Semester I of 2022 by BPK Member III Achsanul Qosasi to Minister of Agrarian Affairs and Spatial Planning Hadi Tjahjanto in West Sumatra, 1 March 2023.

49

BPK Member III Achsanul Qosasi conveyed BPK audit report to the President Director of Social Security Administrator for Employment (BPJS) Anggoro Eko Cahyo in Nusa Dua, Bali on 13 March 2023.



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50-52

BPK Chairperson Isma Yatun and BPK Member VI Pius Lustrilanang attended the Dharma Santi for the Balinese Day of Silence (Nyepi) in Bali, 31 March 2023.



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53-55

BPK Member VII Hendra Susanto attended the audit supervision of Pelindo and Pertamina in Makassar, 15 March 2023.



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