

Managing  
the State Asset

Page 4

BPK Shared Knowledge and  
Experience on Audit to CNAO

Page 56

BPK and Parliament:  
Budget Independency

Page 73



# Recovering the State Loss

Audit of Covid-19  
from Upstream to Downstream



**A**udit related to the Covid-19 emergency and the National Economic Recovery (PEN) program are still one of the main issues raised by the editorial team in the 3rd edition 2020 of English version of *Warta Pemeriksa*. The commitment of the Audit Board of the Republic of Indonesia (BPK) in conducting this audit can be seen from the audit process carried out from upstream to downstream. Starting from the regulatory framework, programs implemented by the government, management and use of state funds, to the beneficiaries of programs or policies made by the government.

The article regarding the Covid-19 audit universe mentioned five things to be audited with regard to state finances in handling Covid-19. They are refocusing and budget reallocation, health management, social protection, handling of economic and financial impacts, procurement of goods/ services during a disaster emergency, and disaster management. It should also be noted that the division of PCPEN as public goods and non-public goods in the context of burden sharing of the government and Bank Indonesia.

In another section, the editorial team has prepared an article to commemorate Heroes' Day which falls on November 10th. The topic of "heroes" was chosen considering that this year, Indonesia is still in the Covid-19 pandemic atmosphere. Usually in situation like this, the presence of a hero is immensely felt in the midst of society.

To all heroes who have helped in handling the Covid-19 pandemic, editors of *Warta Pemeriksa* would like to thank for the great effort made. We thank the government, medical personnel, the private sector, and all people who care and participate in implementing health protocols properly.

With regard to heroic acts, there is an article on BPK's

efforts to support loss recovery, increase revenue, and improve state financial governance. One of these efforts is carrying out Audit with Specific Purposes (PDTT).

In accordance with the Summary of Semester Audit Report (IHPS) I 2020, BPK has conducted 39 PDTT consisting of seven audit objects at the central government and 32 audit objects at BUMN and other agencies. One of the significant audit results, among others, is related to the management of subsidies or public service obligations (KPP) on 13 audit objects in 14 entities with the conclusion that they have been implemented according to the criteria with exception.

In the audit during the first semester of 2020, BPK revealed 7,868 findings containing 13,567 problems amounting to Rp8.97 trillion. This includes 6,713 (50 percent) problems of the weaknesses in the internal control system (SPI) and 6,702 (49 percent) problems of non-compliance with statutory provisions amounting to Rp8.28 trillion. It also include 152 (1 percent) problems on uneconomical, inefficiency, and ineffectiveness amounting to Rp692.05 billion.

Another interesting article prepared by the editorial team is related to the celebration of World Anti-Corruption Day which falls on December 9th and Mother's Day which is celebrated every December 22nd. Therefore, through this edition, the editorial team shares about BPK's efforts in supporting the corruption eradication by the government. For example, the article of an interview with the Director General of Investigation Audit, Hery Subowo, explaining the complete role of BPK in combating corruption.

Check out the interview of the *Warta Pemeriksa* editorial with great women who have succeeded in occupying key positions in Indonesia. Including Board Member IV BPK, Isma Yatun.

Enjoy. ●

## EDITORIAL

### Editorial Advisory Board

Agus Joko Pramono  
Bahrullah Akbar  
Bahtiar Arif

### Editor-in-Chief/Guarantor

Selvia Vivi Devianti

### Managing Editor

Sri Haryati

### Deputy Managing Editors

Kusuma Ayu Rusnasanti  
Trisari Istiati  
Ami Rahmawati

### Editorial Staff

Bestantia Indraswati  
Frenny Artiningrum  
Dominika Dayvera Rosana  
Sylvia Ika Oktavi

### Secretariat

Ni Luh Made Dwiningtyas S  
Apriyana  
Sudarman

### Secretariat Address

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

### Published by

Secretariat General  
The Audit Board  
of the Republic of Indonesia

**MANAGING THE STATE ASSET**

- 4** BPK's findings reveal double listing of assets worth Rp1.47 trillion at Universitas Indonesia and Ministry of Research, Technology and Higher Education.
- 8** IMPROVE THE ACCOUNTABILITY OF RECEIVABLES
- 10** BPK INVESTIGATION REVEALS INDICATIONS OF STATE LOSSES OF RP. 8.7 T
- 12** UNRAVELING CONSTRAINTS AT BPJS HEALTH
- 14** RECOVERING THE STATE LOSS
- 17** PREVENTING RISKS IN GOVERNANCE OF HANDLING COVID-19 PANDEMIC
- 20** AUDIT OF COVID-19 FROM UPSTREAM TO DOWNSTREAM
- 22** BPK REVEALS 13.567 PROBLEMS AMOUNTING TO RP8,97 TRILLION
- 26** ALL PROVINCIAL GOVERNMENTS RECEIVED UNQUALIFIED OPINIONS
- 28** SAVING SUBSIDY EXPENDITURE THROUGH AUDIT
- 32** THE SIGNIFICANCE OF SPECIAL-PURPOSES AUDIT
- 34** A COMPLETE ROLE OF BPK IN ERADICATING CORRUPTION
- 37** INDONESIAN WOMEN THRIVING AT WORKPLACE, ACCOMPLISHED AT HOME
- 40** GENDER IS NOT A BARRIER
- 42** WOMEN'S INVOLVEMENT IS IMPROVING
- 44** OVERSEEING SDGS IMPLEMENTATION
- 46** BPK AND IMO DISCUSS THE AUDIT PLANNING
- 48** BPK INVITES SAIS TO DISCUSS ABOUT COVID-19 AUDIT
- 50** BPK SHARED EXPERIENCES ON AUDITING DONOR FUNDS

**BPK TO OVERSIGHT**

- 6** The role of oversight is to ensure that government entities carry out good state financial governance and comply with the prevailing laws and regulations.
- 52** BPK CONTRIBUTED TO THE PREPARATION OF INDONESIA'S VNR
- 54** SAI GHANA-BPK HANDOVER OF ASSIGNMENT AS IMO EXTERNAL AUDITOR
- 56** BPK SHARED KNOWLEDGE AND EXPERIENCE ON AUDIT TO CNAO
- 58** BPK VICE CHAIRMAN SUPPORTS THE 2021 IDI AGENDA
- 59** BPK SHARED FOUR TIPS FOR DISASTER AUDIT DURING THE SEMINAR OF WGDC
- 60** BPK STRENGTHENS THE USE OF DIGITAL MEDIA
- 62** BPK ENHANCES AUDIT BENEFITS FOR CITIZEN'S WELFARE
- 64** BPK'S PORTAL OF IHPS SUPPORTS THE IMPLEMENTATION OF SDGS
- 66** BPK BOARD MEMBER I LED ENTRY MEETING FOR COVID-19 AUDIT
- 68** BPK AUDITS THE HANDLING OF COVID-19 MANAGED BY THE MINISTRY OF EDUCATION AND CULTURE (KEMENDIKBUD) AND UNIVERSITY OF INDONESIA (UI)
- 70** CHAIRMAN: ROLE OF ACCOUNTANT ON ACCOUNTABILITY
- 71** BPK MAPS 4 RISKS IN HANDLING COVID-19 PANDEMIC
- 73** BPK AND PARLIAMENT: BUDGET INDEPENDENCY
- 75** BPK ENCOURAGES ORDERLY ADMINISTRATIVE VILLAGE APPARATUS
- 76** BPK STRENGTHENS ITS AUDIT WITH BIG DATA ANALYSIS
- 78** BPK AND PARLIAMENT: AUDIT RESULT OF LOCAL GOVERNMENT
- 79** PICTURES

# Managing the State Asset

BPK's findings reveal double listing of assets worth Rp1.47 trillion at Universitas Indonesia and Ministry of Research, Technology and Higher Education.

**B**oard Member III of the Audit Board of the Republic of Indonesia (BPK) Achsanul Qosasi stated BPK has the role to ensure that state assets are properly administered and managed. According to him, well-recorded assets will attract investors and in the end will have an impact on improving welfare of communities.

"When investors' confidence increase, the country's development would also increase, and have an impact on increasing employment, which would return to state revenue as taxes," Achsanul told *Warta Pemeriksa*.

A finding disclosed by BPK related to asset is the double recording of assets. Achsanul explained that this may occur in ministries/agencies that used to be one single entity but then separated into two individual entities. Double recording of assets also occurs to State-Owned Enterprises and their parent ministries.

An example of double recording is found in TVRI and Ministry of Communication and Information Technology. This is because TVRI used to be a part of Department of Information, which was developed into the current Ministry of Communication and Information Technology.

"BPK then took care of this double listing," said Achsanul. When multiple assets are found, recording of assets by government do not comply with regulations and do not match with the actual situation. BPK continues to explore this matter and seeks to bring the two entities together to find a solution.

"In the end, BPK recommends that this issue be resolved accordingly," Achsanul told.

Achsanul emphasized that ministries/agencies involved in recording of multiple assets must not carry their respective sectoral ego. If a certain entity no longer has authority over an asset, it must be released.

"I think there is no point in them managing the asset, since they would also need to prepare a budget to maintain the asset. By releasing the asset, the entity can use its budget for other useful activities," said Achsanul.

## Double listing of asset at Universitas Indonesia

Audit report for internal control system of the 2019 Central Government Financial Report (LKPP) revealed findings of double recordings of assets worth Rp1.47 trillion. These assets are recognized as fixed assets in the 2019 financial report of Universitas Indonesia (UI) as well as inventories in the 2019 financial report of Ministry of Research, Technology and Higher Education.

The 2019 Central Government Balance Sheet (audited) presents the balance of Other Permanent Investments as of 31 December 2019 and 31 December 2018 amounting to Rp506.78 trillion and Rp507.11 trillion respectively. The 2019 balance include Other State Equity Participation (PMN) to State Universities with Legal Entity (PTNBH) of Rp23.49 trillion.

The audit of PMN (State Equity Participation) management at UI shows records of assets sourced from Government grants for 2017 and 2019 in its financial report. However, these assets are still listed as State-Owned Asset (BMN) in Ministry/Agency.

Based on Statement of Financial Accounting Stan-



■ **BPK Board Member III, Achsanal Qosasi**

dard (PSAK) 16 on Fixed Asset, several fixed assets from government grants are recognized and recorded as UI's Fixed Assets because the said assets have been completed and used for operation by UI.

UI's fixed assets that originate from government grants and are still in the process of grant submission worth Rp1.47 trillion are UI Hospital assets of Rp1.08 trillion in 2019 and assets of the Indonesian Medical Education and Research Institute (IMERI) amounting to Rp390.68 billion in 2017.

The initial and end balance as of 31 December 2019 (audited) on UI's equity amounted to Rp3.62 trillion, including grant assets from the government (i.e. Ministry of Research, Technology and Higher Education) still under process. Presenting such assets could impact the net equity recognized by UI and recognition of Government Investment at the Central Government Financial Report (LKPP), including value of income or expense for adjusting investment value associated with the increase or decrease in UI's equity.

Meanwhile, the grant administration process for UI's assets is still at the application stage to the Ministry of Finance. Consequently, these assets have not

been included in the grant manuscript and the Hand-over Certificate as a source document to remove State-Owned Assets (BMN) from the Ministry's list.

The Directorate General of Learning and Student Affairs at the Ministry of Research, Technology and Higher Education still records UI's assets that are being submitted for grant applications as an Inventory of

Rp1.46 trillion. This amount consists of Building Land for sale or public use of Rp782/98 billion and Equipment and Machinery for sale or public use of Rp673.87 billion.

This makes the Financial Statements of UI unreliable as a source document for recording value of Separated State Assets at State Universities with Legal Entity (PT-NBH) as Other Permanent Investments. This is due to UI recording and acknowledging grant assets

which settlement process are not yet completed.

To solve this, BPK recommended that Minister of Finance as the government representative to immediately complete the grant process for UI's assets which was double-recorded in accordance with the applicable laws and regulations.

Minister of Finance accepted this recommendation and will follow up by coordinating with UI and the Granting Ministry accordingly. ●

”

**By releasing the asset, the entity can use its budget for other useful activities.**

# BPK to Oversight

The role of oversight is to ensure that government entities carry out good state financial governance and comply with the prevailing laws and regulations.

In order to provide value and benefits for stakeholders, BPK seeks to increase the role of insight and foresight. However, these efforts did not eliminate the role of BPK's oversight. This is reinforced by the second BPK's mission in the BPK's Strategic Plan 2020-2024, namely: "Encouraging the corruption prevention and accelerating the settlement of state losses". With this mission, it can be said that in addition to increasing the role of insight and foresight, BPK will also continue to carry out the oversight function and is expected to become even more tough in carrying out the oversight function. The role of oversight is carried out to ensure that government entities carry out good state financial governance and comply with prevailing laws and regulations. This role is carried out by encouraging efforts to eradicate corruption, increasing transparency, and ensuring the implementation of accountability, as well as improving the economy, efficiency, ethics, justice, and effectiveness.

BPK's commitment in carrying out this oversight role can be seen from the results of the audit

as stated in the First Summary of Semester Audit Reports (IHPS) 2020. BPK found problems of non-compliance with statutory provisions both at the central government, local governments, SOEs, and other agencies amounting to Rp8.28 trillion.

This problem has been followed up by the audited entities, among others, through handing over assets or depositing cash to the state/local/corporate treasury amounting to Rp670.50 billion.

The role of oversight was also shown in the results of BPK's audit which revealed the problems on energy subsidies correction, credit interest subsidies, public service obligations in the field of public transportation, and compensation funds proposed by PT PLN and PT Pertamina amounting to Rp4.47 trillion. This was also emphasized by the Chairman of BPK, Agung Firman Sampurna, in his remarks on the handover of IHPS I 2020 at the DPR Building, Jakarta, Monday (9/11) which stated: "BPK has helped the government to save state expenditures by correcting subsidies and compensation funds of Rp4.77 trillion."

## MONITORING OF PI, PKN, & PKA REPORTS PERIODE OF YEAR 2017 - 30 June 2020



22 Reports on PI results with an Indicated Value of State/Regional Losses amounting to **Rp8.7 trillion**



**9 Reports** were used in the inquiry process  
**13 Reports** were used in the investigation process



238 PKN Reports with State/Regional Losses amounting to **Rp29.10 trillion**



**50 Reports** were used in the investigation process  
**188 cases** declared as P-21 (investigation files are complete)



**226 cases** Expert Testimony Provision were entirely used in the prosecution by Public Prosecutor.

PI = Investigative Audit  
PKN = Calculation of State Losses  
PKA = Provision of Expert Testimony

Source: IHPS I 2020



■ Chairman of BPK, Agung Firman Sampurna

BPK's efforts in preventing state losses and eradicating corruption have received support from the Constitutional Court (MK), by not accepting requests for judicial review related to BPK's authority to conduct audits with specific purposes (PDTT). This was once stated by the BPK's Director General of Legal Affairs, Blucer Wellington Rajagukguk: "The Constitutional Court in its verdict said, PDTT is still needed to carry out audits of the management and accountability of state finances".

Blucer also appreciated the Court's decision because he understood the importance of PDTT in preventing and eradicating corruption. "Our current task is how PDTT can be guarded so that the role of BPK in implementing PDTT can be used as well as possible to ensure that the management of state finances is carried out properly and correctly," said Blucer. PDTT is an effort to ensure that the re-

sults of audits conducted by BPK can be accounted for according to statutory regulations appropriately and correctly. Blucer also said that PDTT is one type of audit that is often requested because it is related to important issues or touch upon public interest. For example, said Blucer, it is related to electricity subsidies, fuel subsidies, or even the Jiwasraya case. Previous cases such as the Century Bank case and the Bank Indonesia Liquidity Assistance (BLBI) were also investigated through PDTT.

BPK's efforts to eradicate corruption are also carried out in the form of Investigative PDTT, calculating state losses, and providing expert testimony. Based on IHPS I 2020, BPK in the period of year

”

**BPK has helped the government to save state expenditures by correcting subsidies and compensation funds of Rp4.77 trillion.**

2017 to 30 June 2020 submitted 22 reports on the results of investigative audits with an indication value of state/regional losses of Rp8.70 trillion. Of those reports, nine have been used in the inquiry process, and 13 have been used in the investigation process. Further, 238 reports on calculation of state losses (PKN) with a value of state/regional losses worth Rp29.10 trillion, 50 reports have been

used in the investigation process and 188 cases have been declared P-21, which means the investigation files have been completed. BPK has also provided expert testimony at the trial stage of 226 cases, which were entirely used in the prosecution by the public prosecutor.

In addition to audits, BPK also performed the role of oversight by encouraging entities to accelerate the settlement of state losses through monitoring activities. The level of completion of state/regional losses for the period of the year 2005 to 30 June 2020, with a predetermined status was recorded at Rp3.43 trillion. The status of settlement that occurred in the period of the year 2005 to 30 June 2020 showed that there were installments amounting to Rp336.31 billion (10 percent), repayments amounting to Rp1.33 trillion (39 percent), and write-offs amounting to Rp107.85 billion (3 percent). ●

# Improve the Accountability of Receivables

LKPP 2019 presents a receivable value of Rp358.47 trillion or 3.42 percent of the central government's asset value of Rp10,467.53 trillion.

**A**udit Board of the Republic of Indonesia (BPK) found several problems regarding the management of receivables in the audit of the 2019 Central Government Financial Report (LKPP). Problems include non-compliance with laws and regulations as well as problems with weaknesses in the internal control system (SPI).

For information, LKPP 2019 presents a receivable value of Rp358.47 trillion or 3.42 percent of the central government's asset value of Rp10,467.53 trillion. The value of these receivables consists of tax receivables amounting to Rp94.69 trillion and non-tax receivables amounting to Rp263.77 trillion. Non-tax receivables include non-tax state revenue (PNBP) receivables, loan receivables, accounts receivable from Public Service Agency (BLU) activities, installment sales receivables (TPA), treasury claims/compensation claims (TP/TGR) and Other long-term receivables.

The management of central government receivables is carried out by the Ministry of Finance as the State General Treasurer (BUN) and the relevant ministries/agencies. Receivables managed by the Ministry of Finance as BUN, include receivables from loan, PNBP receivables from upstream oil and gas activities, ex-Bank Indonesia Liquidity Assistance (BLBI) accounts, and other long-term receivables from

oil and gas receivables from PT Trans Pacific Petrochemical Indotama (TPPI). Meanwhile, receivables managed by ministries/agencies include tax receivables, PNBP receivables, accounts receivable from BLU activities, TPA receivables, and TP/TGR receivables.

## LKKL Receivables

In relation to the management of tax receivables, particularly tax receivables managed by the Directorate General of Taxes (DJP), BPK found problems in issuing Tax Collection Letters (STP) where DJP has not issued STPs for underpayment of tax principal amounting to Rp12.64 trillion and late tax payments with a sanction of Rp2.69 trillion.

Thus, there is a lack of revenue that still has to be billed to the Taxpayers (WP) as of December 31, 2019 amounting to Rp15.33 trillion. Another problem related to the management of tax receivables at DJP is that there are still tax assessment letters (SKP) that are issued manually without going through the information system at DJP and are late being inputted into the information system. This problem certainly affects the completeness and accuracy of the presentation of the value of tax receivables because STP and SKP are source documents used by DJP as the basis for recording and collecting tax receivables.

Regarding the issue of Tax Receivables which are managed by DJP, BPK encourages DJP to create a reliable information system in updating tax receivables data. Thus, the data presented in the financial statements is truly valid and reliable. In addition, BPK also encourages DJP to share data with the Supreme Court regarding tax decisions and legal efforts, to find out whether the taxpayer's legal efforts have in kracht deci-

sions or not, and what are the decisions.

Meanwhile, related to the management of non-tax receivables, BPK found problems in managing receivables at 17 ministries/agencies (K/L) amounting to Rp1.78 trillion. These problems, among others, occurred at the Ministry of Environment and Forestry, amounting to Rp1.66 trillion in the form of protracted bad debt which could potentially be uncollectible. Then, at the Ministry of Public Works and Public Housing amounting to Rp85.83 billion in the form of receivables recording that are not supported by source documents and allowance for receivables that do not comply with the provisions and at the Ministry of Energy and Mineral Resources amounting to Rp26.35 billion in the form of non-tax receivables whose billing process has been transferred to KPKNL Jakarta V and not presented in the balance sheet.

Accounts receivable management problems were also found in the Ministry of Home Affairs amounting to Rp10.56 billion in the form of unspecified accounts receivable balances, unassured fairness of the receivables value, and potentially uncollectible receivables.

For this problem, BPK encouraged



the government to continue to improve the management of receivables managed by K/L.

### Receivables from Loan

In the audit conducted, BPK also found problems in the management of receivables by the Ministry of Finance as BUN. BPK found that there were several write-off of loan receivables which its determination should be authorized by President, but in practice, it was only based on a letter from the Minister of State Secretary. This occurred at the receivables absolute write-off of three local governments with the bad debt category with amounting to Rp84.04 billion.

In addition, the conditional write-off of receivables from seven local governments and one Local Drinking Water Company (PDAM) with a total



Problems include non-compliance with laws and regulations as well as problems with weaknesses in the internal control system (SPI).

receivable value of Rp306.35 billion. Regarding this problem, BPK has recommended Minister of Finance to improve the arrangement for the write-off of loan disbursements in accordance with the elements of the State Administration Decree which in the authorization of the President.

### Lapindo Receivables

Another problem that was found was the Sidoarjo Mud Management Anticipation Fund loan that was due but not yet paid by Lapindo Brantas Inc. and PT Minarak Lapindo Jaya. This receivable arises from an agreement between the Government of the Republic of Indonesia and Lapindo Brantas Inc and PT Minarak Lapindo Jaya in 2015 regarding "Provision of Anticipatory Fund Loans to Pay Off Purchases of Land and Buildings for Residents of Sidoarjo Mud Overflow Victims in the Map of Affected Areas, March 22 2007". The loan value to be provided based on the agreement was Rp781.68 billion and realized Rp773.38 billion.

According to the agreement, loan repayments will be paid on a pro rata basis every year and end on July 10, 2019. During the agreement period, Lapindo Brantas Inc. and PT Minarak Lapindo Jaya only once paid back Rp5 billion in 2018. So that, as of December 31, 2019, there were still unpaid receivables from Lapindo Brantas Inc. and PT Minarak Lapindo Jaya amounting to Rp1.91 trillion, in the form of loan principal, interest and fines.

### Ex-BLBI Receivables

Another problem that was also found was that the settlement of ex-BLBI accounts submitted to the State Receivables Affairs Committee (PUPN) was very low. Receivables from ex BLBI as of December 31, 2019 were recorded at Rp91.72 trillion. This amount consists of ex-IBRA credit assets amounting to Rp72.67 trillion, ex-managed credit assets of PT PPA amounting to Rp8.98 trillion and ex-Bank in Liquidation (BDL) receivables of Rp10.07 trillion.

The Ministry of Finance through the Directorate General of State Assets (DJKN) explains that the low settlement of Ex-BLBI Receivables is due to the legal relationship between the debtor and collateral is not equipped with binding documents, collateral has legal problems and low marketability, receivables are not supported by collateral, the amount of debt is disputed by the debtor/obligor, the low quality of debtors and the weak collectability of credit assets are only sourced from records of SAPB (Bunisys Replacement Application System).

Furthermore, there are ex-BDL credit assets at two banks, namely Bank Dagang Bali and Bank Global International that have not been submitted to PUPN. With regard to ex-IBRA credit assets, the government optimizes the settlement through the Junior Attorney General for Civil and State Administration (JAMDATUN) of Attorney General's Office by considering the guarantees stated in the Shareholder Liability Settlement (PKPS). However, this was not followed up as a submission of material guarantees so that PUPN could not carry out the confiscation and auction management process.

In addition, BPK also found that the management of IBRA's ex-credit asset guarantees for PKPS guarantees that have not been controlled by DJKN as many as 12 obligors worth Rp9.61 trillion and have not been completely controlled by DJKN as many as 2 obligors worth Rp7.41 trillion as well as collateral ownership documents for ex-BDL accounts not controlled worth Rp139.35 billion.

For this matter, BPK has recommended Minister of Finance to establish a security policy, traceability, assessment and inventory of complete ownership and transfer documents as well as physical control over property assets of ex-IBRA, ex-managed by PT PPA (Persero), and ex-BDL for government presents the inventory results in the 2020 financial statements. ●

Source: Directorate General of Audit II



andrea piacquadro-pexels



# BPK Investigation Reveals Indications of State Losses of Rp. 8.7 T

BPK also submitted 238 reports of State Losses Calculation (PKN) results with a value of state/regional losses of Rp29.10 trillion.

**S**ummary of Semester Audit Reports (IHPS) I Year 2020 of the Audit Board of the Republic of Indonesia (BPK) consists of the monitoring results on the use of investigative audit (PI) reports, calculation of state losses (PKN), and provision of expert testimony (PKA) issued within the year of 2017 until 30 June 2020. Monitoring was carried out on the use of the PI reports in the inquiry and investigation process, the use of PKN reports in the preparation of the P-21 (completed investigation file) and the investigation process, as well

as PKA attended by BPK to be used in the prosecution by the Public Prosecutor (JPU).

Within the period of 2017 to 30 June 2020, BPK submitted 22 PI reports with indication value of state/regional losses of Rp8.70 trillion. In addition, BPK also submitted 238 PKN reports, with a total state/regional losses of Rp29.10 trillion, to the authority. BPK has also carried out 226 PKA cases at the trial stage.

Of the 22 PI reports that have been submitted, nine have been used in the inquiry process, and 13 have been used in the investigation process.



Of the 22 PI reports that have been submitted, nine have been used in the inquiry process, and 13 have been used in the investigation process.

Meanwhile, of the 238 PKN reports that have been submitted, 50 reports have been used in the investigation process and 188 cases have been declared P-21, which means the investigation files have been completed. For 226 the provision of expert testimony at court by BPK were entirely used in the prosecution by Public Prosecutor.

IHPS I 2020 also contains the results of monitoring the compensation settlement of state/regional losses within the period 2005 to 30 June 2020 with determined statuses. The settlement value for state/regional losses does not include the value of state/regional losses from the by-request calculation of the authorized institutions in handling corruption cases.

The monitoring results show that state/regional losses that have been determined within the period of 2005 to 30 June 2020 amounted to Rp3.43 trillion.

State/regional losses incurred in local governments amounting to Rp2.56 trillion (74 percent) is the largest value of state/regional losses among all state losses with determined status in the period of 2005 to 30 June 2020 with total value of Rp3.43 trillion. The level of settlement for state/regional with determined status through installments, repayments, and write-offs at the central government, regional

governments, BUMN and BUMD, were respectively 52 percent, 53 percent, 37 percent, and 35 percent.

The level of settlement that occurred in the period 2005 to 30 June 2020 showed that there were installments of Rp336.31 billion (10 percent), repayments of Rp1.33 trillion (39 percent), and write-offs of Rp107.85 billion (3 percent). Thus, the remaining loss is Rp1.66 trillion (48 percent).

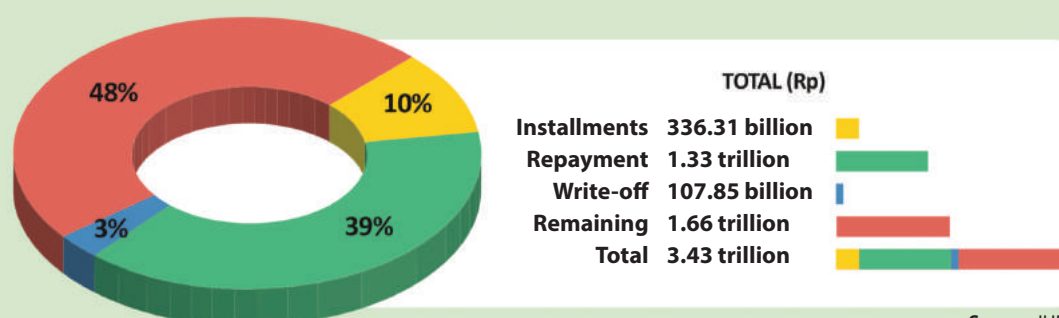
In more detail, the results of monitoring at the central government showed that there was a state loss of Rp720.76 billion with a settlement rate consisting of installments of Rp89.64 billion (12 percent), repayment of Rp21.43 billion (31 percent), and write-offs of Rp61.53 billion (9 percent). The remaining losses to the central government amounted to Rp348.16 billion (48 percent).

Meanwhile, the monitoring results at the local governments showed that there were regional losses of Rp2.56 trillion with settlement levels consisting of installments of Rp240.59 billion (10 percent), repayments of Rp1.08 trillion (42 percent), and write-offs of Rp32.38 billion (1 percent). The remaining losses to local governments amounted to Rp1.21 trillion (47 percent).

The results of monitoring at State-Owned Enterprises (SOEs/BUMN) showed that there was a loss of Rp129.11 billion with a settlement level consisting of installments of Rp4.96 billion (4 percent), repayment of Rp28.58 billion (22 percent), and write-offs of Rp13.94 billion (11 percent). The remaining losses at BUMN entities amounted to Rp81.63 billion (63 percent). Further, the results of monitoring on Regional-owned Enterprises (ROEs/BUMD) showed that there was a loss of Rp21 billion with a settlement level consisting of installments of Rp1.12 billion (5 percent), repayment of Rp6.25 billion (30 percent), and no write-offs. The remaining losses to BUMD amounted to Rp13.63 billion (65 percent). ●

## STATE/REGIONAL STATE LOSSES MONITORING RESULTS FOR THE PERIOD OF 2005 TO 30 JUNE 2020

With the determined status according to the level of settlement



Source: IHPS I 2020

# Unraveling Constraints at BPJS Health

Verification of health service claims from BPJS Health is not supported by an integrated system.

In the first semester of 2020, the Audit Board of the Republic of Indonesia (BPK) conducted an audit on the management of membership, contribution income and health insurance expenses for social security funds for 2017-2019 at the Social Security Administrator (BPJS) for Health. The audit was also carried out at other government and private agencies in the Capital Province of Jakarta, North Sumatera, West Java, Central Java and South Sulawesi. The audit concluded that management of membership, contribution income and health insurance expenses for social security funds had met all criteria with exceptions.

The significant issue found in this audit is related to internal control weaknesses. Based on BPK's audit, membership data of BPJS Kesehatan has not been optimally updated and validated. Such issue was found in invalid Population Identification Number (NIK) and multiple NIKs at membership data, as well as outdated list of salaries or wages of participants who fall into the category of Non-Civil Servant Government Employees (PPNPN) and Wage Recipient Workers (PPU).

This problem resulted in invalid capitation payment based on the number of participants which had the potential to burden the finances of BPJS Health's social security fund, and incompatibility of PPNPN and PPU payment with the actual income. To overcome this issue, BPK recommends the President Director of BPJS Health to, among others, regulate

mechanisms/technical instructions for the improvement of reconciliation and validation of participants' identities to be integrated with NIK, conformity of participants from multiple identities, and suitability of salary and wage data as the basis of calculating participant contributions in updating membership database.

Another problem that BPK found was the declining collectability of contributions from non-wage workers (PBPU) participants. Moreover, uncollectible contributions from PBPU participants and employees receiving Wages from Business Entities (PPU BU) tend to increase. As a result, deficit of health social security funds to finance the National Health Insurance (JKN) program will always increase.

BPK recommends the President Director of BPJS Health to issue a circular/memo to the Deputy of Contribution Management, Deputy of Legal Compliance and Service, Deputy of Coverage Expansion, Deputy of Membership, and Deputy of Regional and Branch Offices to improve integration among units in supervising and assessing the compliance of participants and employers in fulfilling their obligations in accordance with the provisions.



”

Not all village heads and their apparatuses are registered as BPJS Health participants.

Dues budgeting is also a finding in BPK's audit. The audit result shows that dues budgeting for PPU participants from state/local administration and others (village heads and apparatuses) though the budget implementation checklist (DIPA) mechanism and third party calculation (PFK) was not supported by sufficient data on membership and dues. This problem resulted in BPJS Health not obtaining real information on income of PPU state/local administration which affected the supposed amount of contributions and missing the opportunity to obtain additional contribution income in 2019 worth Rp 733 billion. This is because not all village heads and their apparatuses are registered as BPJS Health participants.

In this regard, BPK recommends the President Director of BPJS Health to introduce a mechanism/technical instruction to integrate among units the budgeting for receipts of contributions from PPU state/local administration, village heads and apparatuses with applicable regulations.

In terms of managing health service costs, BPJS Health was not fully capable in preventing improper payments of health service yet. Due to this, Vedika Application potentially could not prevent improper payments. In addition, there was also potential misuse of BPJS cards for the issuance of eligibility letters for participants without fingerprints authorization by unauthorized patients.

Verification of claims for BPJS Health service has also not been supported by a reliable integrated health service and membership systems. This could potentially cost the BPJS Health Social Security Funds Rp52.33 billion and could open up potential irregularities in the payment of health service claims given to participants who had been inactive and declared deceased.

Overall, the audit result on membership, contribution income and health insurance expenses for social security funds at BPJS Health reveals 7 audit findings which contain 11 weaknesses in internal control system. ●

## Some BPK's Findings:

- ✓ BPJS Health's membership data were not optimally updated nor validated.
- ✓ Contribution collectability from Non-Wage Workers (PBPU) participants tend to decline.
- ✓ Dues budgeting for PPU participants from state/local administration and other through DIPA mechanism and PFK funds were not supported by adequate data on membership and dues.
- ✓ BPJS Health was not able to prevent improper payment of health service costs.
- ✓ Verification of health service claims was not supported by a health service system and a well-integrated membership system.

# Recovering the State Loss

The Audit Board of the Republic of Indonesia (BPK) is trying to solve thousands of cases of treasury prosecution.



**B**PK does not only perform the audit and recommendations function to safeguard the state assets, but also performs a quasi-judicial function.

In accordance with Article 10 paragraph (1) of Law Number 15 of 2006 concerning BPK, it has the authority to assess and/or determine the amount of state losses caused by acts against the law, whether intentionally or negligently committed by the Treasurer, the managers of State/Regional-owned enterprises/entities as well as the other institutions or agencies that managing state finances.

In order to perform a quasi-judicial function, BPK established the Treasury Claims Council (MTP). MTP was established based on Article 41 of BPK Regulation No. 3 of 2007 concerning procedures of Settling State Compensation for Treasurers. The regulation explains that BPK may set up a Treasury Claims Council to proceed the settlement of state losses to the Treasurer.

MTP is chaired by BPK Vice Chairman, and its members comes from BPK Members. As for the role

of Registrar is the Director General of Legal Affairs (Ditama Binbangkum).

Through MTP, BPK proceed the Treasury Prosecution (TP) to the Treasurer who causes state loss and provides consideration to the government on the Claims of compensation (TGR) process for non-treasurer civil servants who causes state loss

BPK Director General of Legal Affairs, Blucer Wellington Rajagukguk said that BPK audits from 2009 to semester I 2020 revealed 257,136 problems with a cash value of IDR 501.29 trillion. From this amount, as many as 49,548 of them, or 19.27 percent, were problems of non-compliance with laws and regulations that indicated losses to the state or region. "The amount is IDR 34.65 trillion with an average loss of IDR 3 trillion per year," said Blucer to *Warta Pemeriksa*.

Blucer said, of the total loss of IDR 34.65 trillion, only IDR 3.43 trillion or 9.9 percent had been determined with the recovered loss amounting to IDR 1.77 trillion. Blucer added that only a loss of IDR 3.43 trillion has been valid and the authorities have determined the person responsible for the loss.

"Indeed, in my opinion, this settlement is quite concerning, because if we see less than 10 percent of the total indicated as state losses," he said.

Blucer explained that the state losses were divided into three, which are, the losses caused by the treasurer, losses caused by non-treasurers or other officials, as well as by third parties. "These third parties can be companies or contractors providing goods and services," he said.

He said that BPK has been trying to solve thousands of treasury prosecution cases. The method, Blucer said, is to communicate with all BPK regional offices and all Directorates General of Audit (AKN). "This is a reconciliation because the settlement is still below 10 percent".

Blucer acknowledged that there were still a number of obstacles for implementation, in particular the different understanding between BPK auditors and entities. He said that local institutions or governments often consider the problem of state losses to be resolved when it has been submitted to the State Auction Centre, the Ministry of Finance.

“In reality, it is still unresolved. It is not finished and not yet decided how to solve it. In fact, we really want this to be finished, whether it is settled or the provisions are clear,” he said.

In addition, ministries, agencies and local governments still decide on their own without taking considering BPK audit report (LHP). Indeed, BPK LHP is permanent and binding over the entities.

“There are also obstacles on the absence of a definite report regarding the person in charge of the loss, whether the person is still an employee, has died, or has been imprisoned. There are also those that have been paid off but the administration has not yet been recorded, so it is still recorded as a state loss which is in the process,” he said.

According to Blucer, these problems are a major challenge because there is a potential to end, even though the number of losses has reached trillions of rupiahs. His team therefore has been establishing intensive communications with all Directorates-General of Audit in BPK (AKN) as well as with ministries, agencies and local governments.

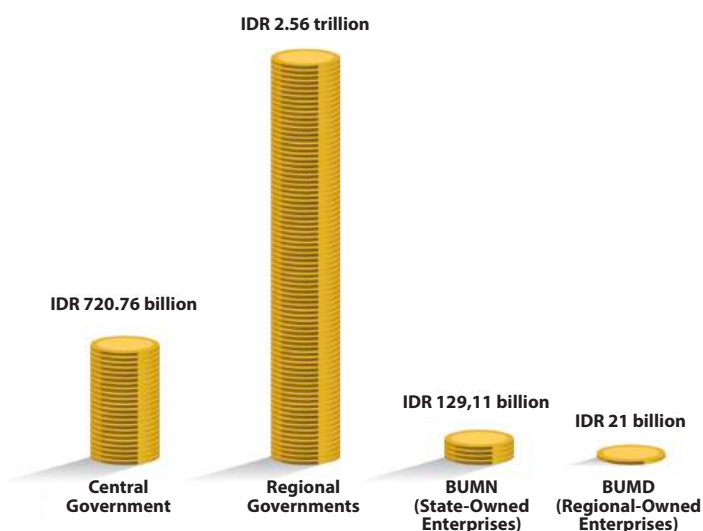
Blucer emphasized that the existence of the Treasury prosecution and Compensation Claims Council (MTP-TGR) is very important. He explained that the MTP-TGR solves the problem of state losses caused by the treasurer, the BUMN/BUMD managers and other institutions or bodies engaged in state financial management.

In the process, he said, after knowing the loss, it must be reported to BPK. Then a State Losses Settlement Team (TPKN) or Regional (TPKD) was established to track reports, collect documents, verify, and record them into a loss list. Next, the MTP-TGR through the clerk and staff review the loss report based on the verification submitted by the TPKN.

“The Council will examine the missing documents, insufficient data, inadequate documents, or how valid the SKTJM (Certificate of Absolute Responsibility) is. Sometimes, the SKTJM process isn't quite right. Therefore, it will be processed again so that the procedure for settling compensation for the treasurer is correct,” Blucer said.

After that, the Treasury Prosecution Council (MTP) chaired by BPK Vice Chairman shall determine based on the documents and information in

### Monitoring Results of State / Regional Compensation Settlement for the Period of 2005-30 June 2020 with the Status Already Set According to the Budget Manager



Source: BPK Summary of Semester I Audit Report for 2020 (IHPS I 2020)

the council and issue official letters to follow up. The administrative leadership must also notify the settlement of state losses through the SKTJM.

In principle, SKTJM is a statement made by the treasurer in charge stating his capacity and/or acknowledgement that the State/Regional Loss is his responsibility and that the treasurer is willing to compensate for the State/Regional Loss in question.

The next process, said Blucer, head of related ministries, agencies or local governments, issued a temporary imposition decree (SKPS - Surat Keputusan Pembebanan Sementara). SKPS shall be submitted to BPK and BPK shall issue a letter of time limit determination (SKPBW - Surat Ketetapan Penetapan Batas Waktu). BPK will give the treasurer the opportunity to submit an objection or a defense for a period of 14 days after the SKPBW.

“When the clarification letter from entities received by BPK, BPK can accept or reject the objection. We have six months to examine, verify, and conclude the objection letter from the treasurer,” he said.

If the Treasurer does not object or the Treasurer objects are rejected based on the available evidence, an Imposition Letter (SKP) will be issued. He stressed that SKP had the legal power to make the treasurer responsible. “At this stage, synergy with law enforcement officials is very important,” he said. ●



AUDIT BOARD OF THE  
REPUBLIC OF INDONESIA

Now Available!

**e-PPfD**

Requests for information  
and filing complaints  
become easier.



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

# Preventing Risks in Governance of Handling Covid-19 Pandemic

The role of BPK to conduct audits in the midst of ongoing efforts to handle Covid-19 is not only aimed at safeguarding transparency and accountability, but also to be responsive and help to recognize issues emerged to be addressed quickly with solutions.

**T**he Audit Board of the Republic of Indonesia (BPK) takes a step earlier to investigate the government's efforts to handle the Covid-19 pandemic. This initiative was taken because the design and implementation of policies in an emergency has the potential to pose risks to governance.

This was expressed by BPK Chairman Agung Firman Sampurna in the webinar "Preparation for Audit on the Management and Accountability for State's Finances in Handling the Impact of the Covid-19 Pandemic" in Jakarta, Tuesday (22/9). The topics discussed in the webinar were "Policies of Local Government, Local Public Hospitals (RSUD), and Private Hospitals in Handling the Covid-19 Pandemic in Indonesia"

”

Therefore, we call the audit of handling Covid-19 as a Risk Based Comprehensive Audit.



■ BPK Chairman, Agung Firman Sampurna

At the beginning of the discussion, Agung stated that the BPK had started an audit of the management and accountability of state finances in overcoming the Covid-19 pandemic, which included an audit of the national economic recovery program. Kick off and entry meetings were held on 8 and 14 September 2020. Currently, all audit teams from the various Directorates General of Audit continue to collect data and information. "We actually have started collecting data and information three months ago," he said.

Agung said that since the beginning, the policy implementation in emergencies has the potential to pose risks to governance. One of the threats is poor coordination in coping with the Covid-19 pandemic, both between ministries and institutions at central government level and between central government and local governments. Poor coordination has the potential to generate strategic risks to achieve the goals of the Covid-19 handling program and operational risks for the implementation of the program in the field.

"Inadequate or incorrect design and implementation of internal controls for emergencies that result in the risk of non-compliance and even fraud, inefficiency in the use of public resources, including aid funds, ineffective management of resources, that reflected in the failure to fulfill the goals of government expenditure, including the inaccurate distribution of social assistance", he said.

The final risk is the risk of audit, which is when the results of the audit do not reflect the actual conditions due to weak internal controls and limited access to data sources in an emergency such as today.

This BPK audit was carried out by identifying these various risks and developing an audit approach covering financial, performance and compliance aspects of the entire scope of state finances. "Therefore, we call the audit of handling Covid-19 as a Risk Based Comprehensive Audit," he said.

He added that the need for a massive policy implementation involving the central government and all levels of local government, places the strategic role of the Ministry of Home Affairs in building synergies between central and local governments, both in the implementation and monitoring of policies. In the context of the handling of Covid-19, it is understood that the Ministry of Home Affairs has drawn up a range of regulations for the regions, including the refocusing and relocation of budgets, the speeding up of the alloca-



■ BPK Vice Chairman, Agus Joko Pramono



■ BPK Board Member V, Bahrullah Akbar

tion of transfer funds to the regions (TKD) and the creation of task forces in the regions.

A number of these policies aim to make local governments responsive and proactive in handling the Covid-19 pandemic. In addition, local government are also expected to continue providing the best service to the community by increasing the transparency and accountable governance and discipline in the implementation of health protocols.

He said that local government, as a leader in governance, development and community service, has an important role to play in determining the success of various government initiatives, especially in the context of the Covid-19 pandemic and the reconstruction of the national economy.

Agung added that handling Covid-19 pandemic requires an effective communication and coordination model that can support the implementation of this major task. A favorable working environment will be established, he said, with effective communication and coordination. This communication and coordination model would

build collaboration and synergies between ministries and institutions in the central government and between central and local governments.

Regarding the theme of the discussion, he said the increase in Covid-19 patients were also followed by the increasing density of isolation facilities and emergency room installations in various hospitals (RS). Referral hospitals require the addition of medical equipment such as ventilators, medicines, and medical personnel.

“At this present, honestly we are in an unfortunate situation. Therefore, proper policy design and responsive and proactive implementation are very much-awaited things,” he said.

Agung emphasizes that the presence of BPK to conduct audits in the midst of ongoing efforts to handle Covid-19 is not only aimed at safeguarding transparency and accountability, but also to be responsive and help to recognize issues that are emerging so that they can be addressed quickly with policy solutions. This audit is also an important and strategic instrument to mitigate the various risks that may arise in an emergency as in previous empirical experiences.



■ Anies Baswedan



■ Safrizal ZA

In the same webinar, BPK Board Member V Bahrullah Akbar said that the pandemic has had an impact on slowing economic growth, reducing government revenues, and increasing spending and financing. On this basis, the Government enacted Perppu 1/2020 on State Financial Policy and the Stability of the Financial System for the Handling of the Covid-19 Pandemic in Legislation.

Bahrullah said that BPK has also moved quickly by conducting audit on the management and accountability of state finances in handling Covid-19 pandemic, which included audit on national economic recovery program.

BPK hopes that there will be policy alignment between the central and local governments in handling Covid-19 by considering capabilities, finances, human resources, and appropriate handling strategies. In addition, there will also be balance in the handling of health, planning of social safety nets and economic impacts.

Bahrullah stated that BPK has role to promote transparency and accountability in the management of state finances in the emergency of Covid-19. BPK has also formulated several policies related to audits during the Covid-19 pandemic.

The first policy is a comprehensive risk-based audit (comprehensive audit). Comprehensive audits are carried out through three types of audits, namely financial audits, performance audits, and special-purposes audits on the management and accountability of state finances in handling Covid-19 pandemic.

The scope of the audit involves refocusing and reallocating the budget for handling Covid-19, additional state/regional expenditure and the National Economic Recovery (Pemulihan Ekonomi Nasional/ PEN) program. BPK also makes structured observations on the development of policies, regulations and their implementation.

The next policy is a comprehensive study with a focus on identifying, assessing and mitigating state financial risks in handling the Covid-19 pandemic. The audit is divided into two, namely compliance and performance audit. “The object of the compliance audit is to determine whether reallocation and refocusing, the management of the health sector, the management of the social sector and the management of the economic impact of the Covid-19 pandemic in local governments have been carried out in accordance with the legislation and regulations. Meanwhile the purpose of performance audit is to assess the effectiveness of government’s efforts in handling Covid-19 pandemic.” ●

# Audit of Covid-19 from Upstream to Downstream

Audit of Covid-19 handling by BPK is not only carried out on funds sourced from the State Budget. BPK also audits local/regional budgets, Bank Indonesia funds, Indonesian Deposit Insurance Corporation (IDIC) funds, State-Owned Enterprises'/ Regional-Owned Enterprises' funds, and government-managed public funds.

**T**he Audit Board of the Republic of Indonesia (BPK) is mobilizing all of its capabilities and resources to identify a universe audit for the Covid-19 Handling (PC) and the National Economic Recovery Program (PEN). The audits are carried out from upstream to downstream, starting from the regulatory framework, programs implemented by the government, management and use of state funds, to the beneficiaries of programs or policies made by the government. Director General of Planning, Evaluation, and Development of State Financial Audit, Bernardus Dwita Pradana, explained that the universe audit is not new in the world of audits. He explained that the definition of the universe audit is auditable areas within an entity. "In the case of an audit of Covid-19 handling, the audit entities shall be all subjects of state finances as referred to in the Law of State Finance," said Dwita to the *Warta Pemriksa*, mid-October.

Dwita said, Law Number 15 of 2006 concerning the Audit Board of the Republic of Indonesia, BPK is tasked with auditing the management and responsibility of state finances carried out by the Central Government, Regional

Governments, other State Institutions, Bank Indonesia, State-Owned Enterprises, Public Service Agencies, Business Entities, Regional-Owned Enterprises, and other institutions or bodies that manage state finances.

"So, the universe audit for handling Covid-19 will touch the aspects of State Finance, State Financial Management and State Financial Responsibility in handling Covid-19 and national economic recovery," said Dwita. Based on the mandate given to the BPK in the Law, said Dwita, BPK then formulated auditable areas in handling Covid-19. Dwita said, the first aspect that needs to be seen is the regulatory and implementation framework and its implementation. The regulatory framework is the BPK's concern because it is the government's legal reference in implementing programs. Meanwhile for BPK, the regulatory framework becomes the basis for determining audit criteria.

Dwita added, there are at least two things to put more attention to regarding the regulatory and implementation framework at the law level. First, the Law on Disaster Management and the Law on Health. "Here, we have to see the extent to which laws and their derivative regulations are used in overcoming the non-natural disas-

ters of the Covid-19 pandemic," said Dwita. Second, Law Number 2 of 2020 concerning Stipulation of Government Regulations in Lieu of Law Number 1 of 2020 concerning State Financial Policies and Financial System Stability for Handling the Covid-19 Pandemic and/or in the Context of Facing Threats Endanger the National Economy and/or System Stability Finance becomes Law.

## State finances

After the regulatory aspect, the next aspect audited by the BPK is state finances in accordance with the definition and scope as stipulated in the Law on State Finance. Dwita explained that state finances are all the rights and obligations of the state that can be valued in money, as well as everything in the form of money or goods that can be used as state property in connection with the implementation of these rights and obligations. Therefore, the audit of the Covid-19 handling by BPK was not only carried out on the funds sourced from the State Budget. BPK also audit the Regional Budget, Bank Indonesia funds, Deposit Insurance Corporation (LPS) funds, State-Owned Enterprises'/ Regional-Owned Enterprises' (BUMN/ BUMD) funds, and public funds managed by government entities.

“Thus, in terms of state finances, audits are not only carried out on the Rp695 trillion (PC-PEN budget). Because it is only one element of state finances,” said Dwita.

There are five things to be audited regarding state finances in handling Covid-19. The five things are refocusing and reallocation of budgets, health handling, social protection, economic and financial impacts handling, procurement of goods/services during a disaster emergency, and disaster management. It should also be noted that the distribution of PC PEN as Public Goods and Non-Public Goods in the context of the burden sharing of the government and Bank Indonesia.

Dwita said that the audit of state finances in handling Covid-19 was also carried out on the monetary sector and financial system stability. This due to Bank Indonesia (BI), the Indonesian Deposit Insurance Corporation (IDIC) and the Financial Services Authority (OJK) have broad authority in helping to maintain financial system stability during the pandemic through Law Number 2 of 2020.

One of the expansion of this authority is to purchase bonds. State Bonds (SUN)/State Sharia Securities (SBSN) in the primary market. “BI is actually not allowed to buy in the primary market, it should be on the secondary market. But in this Law (Law Number 2 of 2020), BI is allowed”.

The IDIC or LPS will also be audited. This is because IDIC will later be tasked with rescuing non-systemic failed banks and guaranteeing group deposits of customers. “Until now it hasn’t occurred or it shouldn’t happen,” said Dwita. The element of state finances that is also audited is separated state assets, namely BUMN and BUMD. He said, apart from accepting government assignments through PEN, in BUMN there were also corporate social responsibility (CSR) funds and environmental development which were also disbursed to help handle Covid-19.

“Another one is public funds which



are managed by public entities as the subject of state finances. An example is community funds given to National Agency for Disaster Management (BNPB) or Regional Agency for Disaster Management (BPBD) to be distributed to beneficiaries. It is included in the element of state finance,” said Dwita.

The management and responsibility for the Audit conducted by BPK on the Covid-19 handling will also cover aspects of management and responsibility for state finances. Dwita explained, in accordance with the State Financial Management and Accountability Audit Law and the BPK Law, state financial management is the overall activities of state financial management officials in accordance with their position and authority, which includes planning, implementation, supervision, and accountability. Meanwhile, the responsibility for managing state finances is the obligation of the government and other state institutions to carry out the management of state finances in an orderly manner, comply to the laws and regulations, efficiently, economically, effectively and transparently by taking into account the sense of justice and appropriateness.

Dwita said, one of the things audited in terms of management is regarding the budget refocusing and reallocation, as well as the implementation of the PC PEN program. BPK will investigate how the process of planning, budgeting and implementation

or absorption are. “For example, why there is a low budget absorption? Are there any problems in the budgeting and budget implementation list (DIPA) determination process? Where is the main problem located, is it at the Working Units or at the Ministry of Finance or both?” said Dwita.

After that, said Dwita, BPK also conducted stakeholders analysis, namely at the policy makers, policy implementers, and beneficiary communities.

“As for the state’s financial responsibility, we will find out what the quality and responsibility of the government is in implementing this management. Is it in orderly manner, complied to law, efficient, economical, effective, and transparent” said Dwita.

With regard to the audit of the distribution of aid/social assistance, BPK will directly audit the distribution whether it reaches the targeted beneficiary community. As already known, the government has provided many assistance programs to the community in handling Covid-19 and national economic recovery, including social assistance programs, basic food stuffs, business incentives, interest subsidies for MSMEs, and workers’ salary subsidies.

“We will audit whether those aid/ assistances has been received by the rightful recipient and whether all transactions have been recorded, reported and accounted for in accordance with the assertion,” he said. ●

# BPK Reveals 13.567 Problems Amounting to Rp8,97 Trillion



Over the last 15 years, The Audit Board of Republic of Indonesia (BPK) has delivered 571,466 recommendations with values amounting to Rp259.38 trillion.

**B**PK has submitted the 2020 Summary of Semester I Audit Reports (IHPS I 2020) to the House of Representatives (DPR), the Regional Representative Council (DPD), and to President Joko Widodo. IHPS I Year 2020 contains a summary of 680 Audit Reports (Laporan Hasil Pemeriksaan/LHP) consisting of 634 Financial Audit Reports (93 percent), 7 Performance Audit Reports (1 percent) Performance Audit Reports, and 39 Special-Purposes Audit Reports (6 percent).

BPK Chairman, Agung Firman Sampurna, on the occasion of the submission of IHPS I 2020 to the plenary session of the DPR on Monday (9/11), said that IHPS I 2020 had been delivered with the expectation that it could be followed up in compliance with the legislative provisions. "In order to ensure that governance, particularly state financial governance, is more transparent, accountable and delivers high quality and useful performance

in order to support the achievement of the state's objectives. Although it is important to stress that we are currently facing difficult times, and we need to fight together to overcome them," Agung said in his speech.

Agung handed over IHPS I 2020 directly to the Chairman of the DPR, Puan Maharani at the DPR Office. In addition to the Chairman of BPK, this event was also attended by BPK Board Member I, Hendra Susanto and virtually attended by BPK Board Member III, Achsanul Qosasi and BPK Board Member IV, Isma Yatun.

Agung has also delivered IHPS I 2020 to President Joko Widodo at the State Palace, Jakarta on Wednesday (11/11). In this summary, Agung conveyed, there were 21,425 recommendations for the problems stated in the BPK's audit findings in the first semester of 2020.

Recommendations on the results of BPK audits are expected to make the internal controls carried out by the government more effective, and programs/activities can be implemented more economically, effectively and efficiently. In addition, losses can be recovered/prevented, and state revenues can be increased. Thus, improving the administration of state finances and offering better services to the public in the context



Currently, BPK is conducting a comprehensive risk-based audit of financial, performance and compliance aspects or a risk-based comprehensive audit of all auditable areas within the scope of state finances.

of realizing the goals of the state can be achieved.

In the audit held at the first semester of 2020, BPK revealed 7,868 findings containing 13,567 problems with values amounting to Rp8.97 trillion. This includes 6,713 (50 percent) problems of weakness in the internal control system (SPI) and 6,702 (49 percent) problems of non-compliance with statutory provisions amounting to Rp8.28 trillion, and 152 (1 percent) problems of inefficiency, ineffectiveness and ineffectiveness with values amounting to Rp692.05 billion.

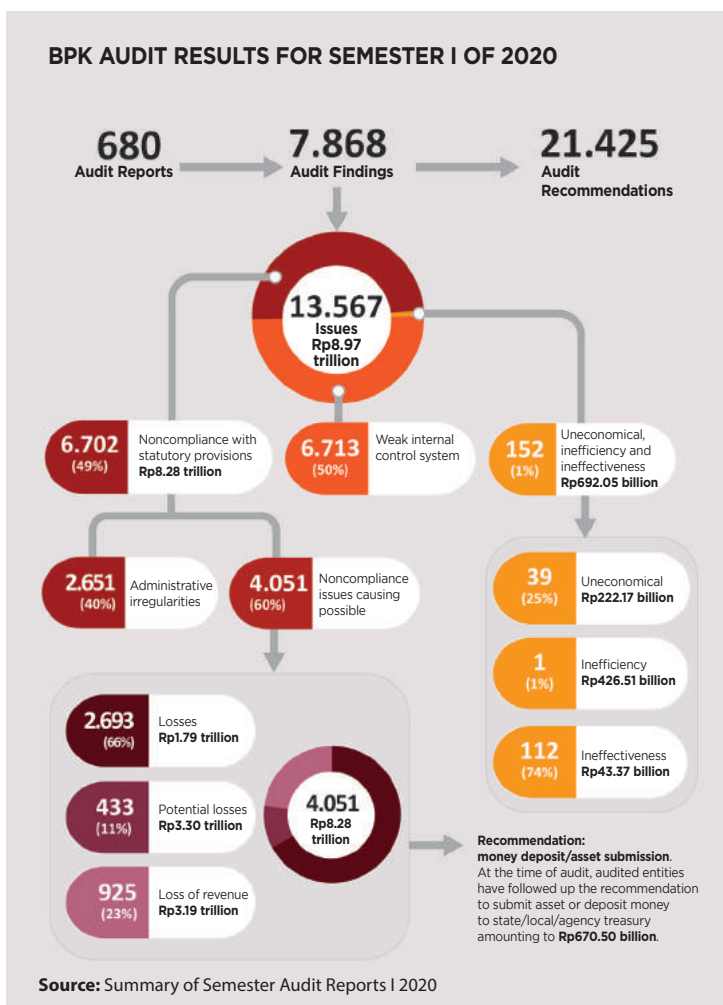
Agung said, of the 6,702 non-compliance problems, as many as 4,051 (60 percent) of IDR 8,28 trillion were non-compliance problems that could result in losses of 2,693 problems (66 percent) of IDR 1.79 trillion, potential losses of 433 problems (11 percent) amounting to Rp3.30 trillion, and lack of revenue as much as 925 problems (23 percent) amounting to Rp3.19 trillion.

For this problem, the entity has followed up by handing over assets or depositing to the state/regional/company treasury during the audit process of Rp670.50 billion (8 percent) of which Rp384.71 billion (57 percent) was a deposit from the central government, BUMN, and other bodies. In addition, there were 2,651 (40 percent) non-compliance issues in the form of administrative errors.

Of the 152 problems of uneconomical, inefficiency, and ineffectiveness amounting to Rp692.05 billion, there are 39 (25 percent) uneconomical problems of Rp222.17 billion, one (1 percent) inefficiency problems of Rp426.51 billion, and 112 (74 percent) ineffectiveness problems of IDR 43.37 billion.

### BPK's Recommendations

With regard to the problems set out in IHPS I 2020, BPK has made some recommendations. BPK requested the Director General of Taxation to update the



information system to ensure the validity of the tax receivable data and the tax receivable allowance, as well as to ensure that PBB (property tax) receivables are integrated with the Directorate General of Tax Information System. BPK also recommended that the Minister of Finance, along with the Minister of BUMN as shareholders, assess the government's responsibilities as controllers of PT Asabri (Persero) and PT Asuransi Jiwasraya (Persero) arising from the enforcement of Article 15 of Law No. 40 of 2014.

In addition, BPK provides recommendations to the Minister of Finance to coordinate with relevant agencies in preparing plans for the completion of related provisions and standards for the presentation of Long-Term Obligations for the Pension Program.

BPK then requested the Minister or the Head of the Institution, as the user of the goods, to immediately settle the responsibility on the budget expenses by distributing them to the Community in cash in compliance with the relevant regulations. This responsibility includes problems related to oil palm plantation rejuvenation assistance funds (PPKS) managed by the Management Agency of Oil Palm Plantation Fund, that have not been resolved.

IHPS I of 2020 contains 89 results of financial audits at the central government which are: one Central Government Financial Report (LKPP) 2019, 86 Financial Statements of State Ministries/Institutions (LKKL) 2019, one State General Treasurer Financial Report (LKBUN) 2019, as well as one Foreign Loan and Grant Financial Report (LKPHLN) 2019.

The report on the audit results of the 2019 LKPP was previously submitted at the DPR Plenary Session

last July with the Unqualified Opinions (WTP).

In the IHPS I Year 2020, BPK submitted the results of the audit from 88 LKKL/LK BUN 2019. The 2019 WTP LKKL opinion (Unqualified Opinions) of 97 percent (85 LKKL) has exceeded the target of the WTP opinion on the Main Targets of Governance Development and Bureaucratic Reform set out in the National Medium-Term Development Plan (RPJMN) 2015-2019 amounted to 95 percent.

BPK also submitted the audit results of one foreign loan and grant financial report (LKPHLN), namely the 2019 Indonesia Infrastructure Finance Development Trust Fund (IIFD-TF) Financial Report. The 2019 IIFD-TF Financial Report is managed by the Directorate General of Financing Management and Risk (DJPPR) Ministry of Finance and obtaining WTP opinion.

### Performance and Special-Purposes Audit

In addition to financial audits, BPK has conducted seven performance audits. Performance audits were carried out on five objects of audit at local governments and two objects of audit at BUMN (State-Owned Enterprises/SOEs). The significant results of performance audits on SOEs include performance audit on the effectiveness of PT Perkebunan Nusantara III (Persero) Holding in improving the performance of PT Perkebunan Nusantara Group from 2015 to semester I of 2019 with the conclusion that it is not effective.

BPK recommends, among others, preparing a roadmap for the composition of plant age, aligning the key performance indicators with relevant main





duties and job descriptions, and setting performance targets for oil palm and rubber mills by taking into account the existing standards.

Then, BPK also conducts a performance audit on the effectiveness of PT Rajawali Nusantara Indonesia Holding in carrying out the control function of financial and asset management from 2017 to semester I of 2019, in which the conclusion is less effective. BPK gives recommendations among others are to formulate strategic steps for settling accounts receivable and inventory and monitoring its settlement.

BPK also conducts 39 Special-Purposes Audits (PDTT) consisting of seven audit objects at the central government and 32 audit objects at BUMN and other agencies. This audit aims to provide conclusions on compliance with statutory provisions.

Agung conveyed that in the last 15 years, from 2005 to 30 June 2020, BPK had submitted 571,466 audit recommendations to audited entities worth Rp259.38 trillion.

The results of monitoring of the follow-up recommendations showed that as many as 434,396 or 76.0 percent of recommendations valued at Rp133.24 trillion were in accordance, 102,235 or 17.9 percent of recommendations amounting to Rp99.41 trillion were not suitable, 29,134 or 5.1 percent of recommendations valued at Rp8.91 trillion has not been followed up, and as many as 5,701 recommendations or 1 percent worth Rp17.82 trillion cannot be followed up.

Cumulatively, the BPK's recommendations on the audits results for the period 2005 to 30 June 2020 have been followed up by the relevant entities by handing over assets and/or depositing money to the state/regional/company treasury totaling Rp111.01 trillion, including from the central government, BUMN, and other agencies with values amounting to IDR 89.93 trillion.

Agung said, the BPK also continues to play an active role in responding to the Covid-19 pandemic that is currently hit the world. Since the beginning of the pandemic, BPK has carried out audits with health protocols and maximized the use of alternate audit procedures including the use of information technology.

In addition to formulating guidelines and audits designs in emergency situations, BPK has also taken an initiative to invite other SAIs to share their experience of the audit on handling Covid-19.

"Currently, BPK is conducting a comprehensive risk-based audit of financial, performance and compliance aspects or a risk-based comprehensive audit of all auditable areas within the scope of state finances," said Agung.

Vice-Chairman of the DPR, Azis Syamsudin, requested all members of the DPR to further discuss the findings of BPK's audit presented in IHPS I 2020.

"The materials that have been submitted by BPK, will be our references to be discussed with our partners in DPR," said Azis. ●

# All Provincial Governments Received Unqualified Opinions

Although in general the 2019 Local Government Financial Reports (LKPD) show an increase in quality, there are regions receiving a lower opinion than previously.

**T**he quality of LKPD continues to improve. In fact, all provincial governments in Indonesia have succeeded in achieving the Unqualified Opinion from the Audit Board of the Republic of Indonesia (BPK). Unqualified Opinion was also received by 364 of the 415 regency governments, and 87 of 93 city governments.

This accomplishment has exceeded the performance target of local finance in the field of strengthening local governance – financial capacity building program for provincial/regency/city governments stipulated in the 2015-2019 National Medium-Term Development Plan. This is stated in the Audit Reports Summary Semester I of 2020 conveyed by BPK Chairman Agung Firman Sampurna to the leadership of the House of Regional Representatives (DPD) in Jakarta, Tuesday (10/11).

The Audit Reports Summary Semester I of 2020 is a summary of 680 audit reports consisting of 634 financial audit reports, 7 performance audit reports, and 39 special-purpose audit reports. In the first semester of 2020, BPK has audited 541 of 542 (99 percent) LKPDs for FY 2019. By the time the Summary was prepared, 1 local government (Regency Government of Waropen, Papua) has not submitted its financial report to BPK.

Overall, for the first semester of 2020, BPK's audits of LKPD granted Unqualified Opinion for 485 local governments (90 percent), Qualified Opinion for 50 local governments (9 percent), and Disclaimer Opinion for 1 local government (1 percent). The number of LKPD FY 2019 receiving



■ BPK Chairman Agung Firman Sampurna reads the results of the BPK examination in Summary of Semester Audit Reports I 2020 in front of DPD members.

Unqualified Opinion compared to FY 2018 has increased, reaching 82 percent.

Although in general the 2019 LKPD show an increase in quality, there are regions receiving a lower opinion than previously. The decline from Unqualified Opinion to Qualified Opinion was received by local governments of Subulussalam, North Lampung Utara, South Konawe. While local governments of Jember and Taliabu Island which received Qualified Opinion the previous year receive Disclaimer Opinion for FY 2019. "The reason why 56 LKPDs are not getting Unqualified Opinion is because we still found significant non-compliance of the financial reports with the Government Accounting Standards (SAP) or found insufficient evidence to support fairness of the financial reports," explained BPK Chairman.

BPK's audit of LKPD in Semester I of 2020 revealed 6,160 findings containing 10,499 issues which consist of 5,175 issues of internal control



■ BPK Chairman and Board Member I in Submitting Summary of Semester Audit Reports I 2020 to the DPD.

system and 5,324 issues of noncompliance to statutory provisions. The overall audit findings worth IDR 1.52 trillion.

During the audit process, entities have followed up noncompliance issues by depositing money to the state/regional treasury or handing over assets, which amount to IDR 285.79 billion.

The Audit Reports Summary Semester I of 2020 also contain results of performance audits on local governments. These audits reveal the ineffectiveness of Aceh Government in achieving the target of infrastructure development and maintenance programs from the special autonomy fund FY 2019, ineffectiveness of Lampung Provincial Government in achieving the road stability target to support the movement of people and goods FY 2019, and

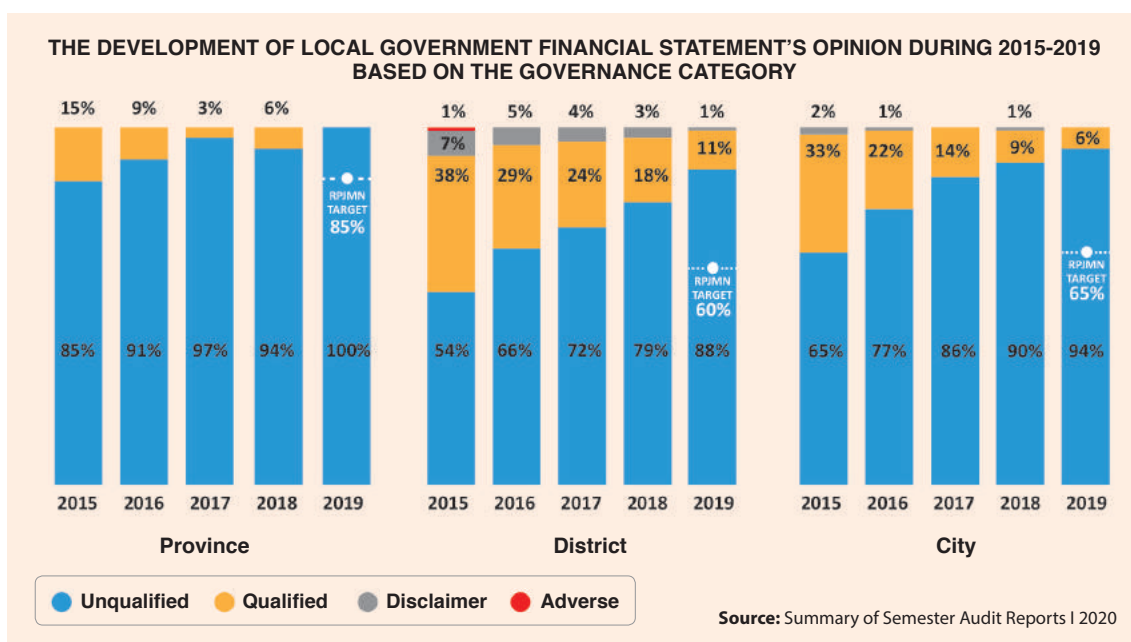
ineffectiveness of Banten Provincial Government in implementing its pre-disaster management activities FY 2019. While Jakarta Provincial Government's effort to control air pollution from land transportation still needs improvements, East Java Provincial Government is quite effective in achieving road stability target for FY 2019.

Agung expressed his appreciation for the support of the DPD leadership in realizing transparent and accountable state/local financial governance. "Intensive supervision from DPD can encourage local governments to effectively follow up BPK audit results," added Agung.

### Follow up

DPD Chairman AA Lanyalla Mahmud Mattalitti requested all DPD members and organs to immediately work together with local governments to follow up BPK's recommendations. He emphasized that follow up on audit recommendations must be carried out for the improvement and realization of transparent and accountable financial governance.

He explained that based on DPD's Standing Order Number 2/2019, the leadership assigns Committee IV and Public Accounts Committee to follow up BPK's audit results, while Committee IV of the House of Representatives (DPR) is assigned to discuss the audit results. Should there be any indication of state loss from the audits, DPD leadership will forward the discussion report to DPD's Public Accounts Board (BAD) for further follow up. "We hope for a transparent and accountable financial management in every region," he concluded. ●



# Saving Subsidy Expenditure Through Audit

Overall, BPK has helped the government to save Rp4.77 trillion in state expenditure by correcting the value of subsidies and compensation funds that the government must pay to business entities.

The Audit Board of the Republic of Indonesia (BPK) conducts a Special Purpose Audit (PDTT) on the management of subsidy expenditure. The audit is conducted to support the audit of the Financial Statements of the State General Treasurer (LK BUN) of 2019, conveyed in the Summary of Semester Audit Reports (IHPS) I 2020. From the audits conducted, BPK revealed the correction of subsidies and compensation funds amounting to Rp4.77 trillion. Board Member VII, Daniel Lumban Tobing said that the audit was carried out on BUN's Budget User Authority (KPA) as well as on subsidy recipient operators. The audit of the management of subsidies or public service obligations (KPP) by operators is carried out on 13 audit objects in 14 entities, namely eight State Owned Enterprises (SOEs) in the form of limited liability company, five SOE subsidiaries, and one private limited company.

Regarding electricity subsidies, BPK performed an audit on PT PLN (Persero). Furthermore, BPK audited the energy subsidies for JBT and 3 kg LPG at PT Pertamina (Persero) and PT AKR Corporindo Tbk (private), fertilizer subsidies for 5 SOEs holding members of PT Pupuk Indonesia (Persero), subsidies for credit interest at 4 state-owned banks, and public services obligations at PT Kereta Api Indonesia (Persero) and PT Pelayaran Nasional Indonesia (Persero). Daniel said, BPK revealed a negative





pln.co.id

subsidy correction of Rp2.29 trillion and a positive correction of Rp21.26 billion in 2019 subsidies / KPPs. Thus, BPK has helped save Rp2.27 trillion in state expenditure by reducing the value of subsidies that must be paid by the government. The amount of subsidies that must be paid by the government in 2019 is smaller, namely from Rp179.38 trillion to Rp177.11 trillion.

BPK also calculates the compensation funds proposed by PT PLN and PT Pertamina. Compensation funds are funds paid by the government to business entities for the lack of revenue from the business entity as a result of the government's policy of fixing retail selling prices for fuel oil and electricity rates. The results of the BPK audit revealed a negative correction fund of Rp2.55 trillion and a positive correction of Rp51.38 billion. Thus, BPK has helped save Rp2.50 trillion in state expenditure by reducing the value of compensation funds that the government must pay.

Overall, BPK has helped the government to save Rp4.77 trillion in state expenditure by correcting the value of subsidies and compensation funds that the government must pay to business entities.

"After the correction of subsidies and compensation, the value of state expenditures will be more efficient by Rp4.77 trillion to Rp230.82 trillion from the original Rp235.59 trillion," said Daniel. Daniel explained, of the total negative net correction of Rp2.27 trillion for subsidies / KPP in 2019, the largest correction occurred in energy subsidy, namely a negative correction of Rp1.64 trillion. Of this value, Rp1.59 trillion came from negative corrections to electricity subsidies, which was largely due to negative corrections to charges that were not permitted by statutory regulations as well as negative corrections to the value of electricity losses which exceeded tolerance limits. The remaining Rp0.05 tri-

llion came from a negative correction of Rp0.02 trillion in 3 kg LPG subsidies, mostly due to irresponsible distribution; as well as a negative correction of Rp0.03 trillion in subsidies for JBT Solar Oil, mostly because the distribution to PT Kereta Api Indonesia exceeds the volume and is used not according to its designation.

Overall, the results of BPK audit concluded that the management of subsidies / KPP had been implemented according to the criteria with the exception of several problems on the 13 audit objects. This conclusion is based on problems with internal control, non-compliance with statutory provisions, as well as 3E aspects. Among these problems, PT PLN has not optimally performed maintenance of the 500 kilovolt (kV) transmission network, which has triggered blackouts. As a result, PT PLN bears the cost of compensation for customers or lost revenue of Rp736.26 billion.

BPK recommends the Board of Directors of PT PLN (Persero) to evaluate the planning and implementation of risk mitigation for unfulfilled system reliability and security on the 500 kV transmission network and its supporting subsystems, as well as the reliability of operation of power plants in the Java, Madura and Bali Region by adjusting the current and the future system conditions.

In addition, PT PLN does not incur costs that are not included in the component of the cost of providing electricity (non-BPPTL costs) of Rp578.05 billion from the value of work in progress, so that it is still calculated in the cost of depreciation of fixed assets and adds to the value of electricity subsidies. PLN also does not consider the audited basic cost of electricity supply (BPPTL) and does not pay attention to the coal price reference in accordance with the Minister of Energy and Mineral Resources Decree in applying the tariff adjustment calculation formula. Thus, the results of PLN calculations do not reflect the real conditions of costs borne by PLN.

For this reason, BPK recommends the board of directors of PT PLN (Persero) to instruct the Accounting Executive Vice President (EVP) to prepare

No	Type of Subsidies	Value of Subsidies / Public Service obligations (Rp trillion)			
		Unaudited	Positive Correction	Negative Correction	Audited
1	Energy	130,25	-	1,64	128,61
2	Fertilizer	30,35	0,02	0,40	29,97
3	Credit Interest	14,08	-	-	14,08
4	Public Service Obligations	4,70	-	0,25	4,45
<b>Total</b>		<b>179,38</b>	<b>0,02</b>	<b>2,29</b>	<b>177,11</b>

Source: AKN VII

further arrangements for Circular Letter Number 6517 / KEU / 04.03 / A010604 / 2020 dated 29 April 2020 specifically so that non-BPPTL costs on PDP and fixed assets can be excluded from the BPP when calculating the electricity subsidy. PLN also needs to consider using the BPPTL audited from the previous year to propose the calculation of the current year's electricity tariff to the Ministry of Energy and Mineral Resources.

BPK also recommends that PLN conduct a joint evaluation with the Ministry of Energy and Mineral Resources regarding the implementation of ESDM regulations related to tariff adjustment formulas, as well as joint evaluations with the Ministry of Finance and the Ministry of Energy and Mineral Resources regarding the use of the difference approach between the set rates and the rates calculated based on the tariff adjustment formula to calculate the compensation value.

Regarding fuel subsidies, there is a lack of revenues from PT Pertamina worth Rp16.38 trillion and PT AKR of Rp52.85 billion for the difference in retail selling price (HJE) formula with the HJE stipulated by the government in the distribution of certain types of fuel (JBT) diesel oil in 2019. In addition, PT Pertamina (Persero) experienced a lack of revenue of Rp15.00 trillion from the difference between the HJE formula and the HJE the government stipulated in the distribution of special assignment fuel types (JBKP) in 2019. This consisted of a lack of revenue for the distribution of JBKP in Java, Madura and Bali (Jamali) and non-Jamali amounting to Rp6.02 trillion and Rp8.98 trillion, respectively.

BPK recommends that PT Pertamina board of directors and PT AKR's directors coordinate with the Minister of Finance, the Minister of Energy and Mineral Resources and the Minister of State-Owned Enterprises regarding the policy to regulate lack of revenue in the JBT diesel and JBKP distribution activities in 2019 in accordance with applicable procedures and regulations. Pertamina also received an excess revenue of Rp53.16 billion from the sale of JBKP Premium in the Jamali area which exceeded the HJE stipulated by the government in the period January 1st -February 10th , 2019. As a result, consumers in the Jamali area purchased JBKP Premium which was Rp100.00 per liter higher than the retail sale price stipulated by the government. For this reason, BPK recommends that the board of directors of PT Pertamina deposit it in the state treasury account and / or calculate with Pertamina's bill to the government for the excess sales of JBKP Premium in the Jamali area of Rp53.16 billion.

Audits were also carried out related to fertilizer subsidies, subsidies in the transportation sector, to

the people's business credit interest subsidy (KUR). In auditing fertilizer subsidies, BPK found a number of problems. One of them is that the guidelines for the allocation of business costs for PT Pupuk Indonesia (Persero) or PT PI are related to the calculation of the allocation of working capital credit (KMK) interest expense and the allocation of KMK interest expense based on the calculation pattern in the previous year's subsidy audit cannot be applied at PT Pupuk Kaltim. (CCP). This resulted in KMK interest expense

”

the problem of control and compliance in calculating basic costs and tariffs as well as problems with corporate operating governance in the production and distribution of products or services were recurring problems that were found by BPK.



pertamina.com



pupuk-indonesia.com

of Rp88.04 billion, which did not meet the principle of legal certainty on the aspects of propriety and fairness.

BPK recommends that PKT directors submit the results of the recalculation using the formula in the guidelines and modifications used by PKT and request an evaluation of the calculation results of the KMK interest expense allocation as the basis for further calculations. In addition, PKT was asked to coordinate with PT PI regarding the guidelines for the allocation of business costs, particularly the allocation of KMK interest expense so that further improvement proposals were determined. Regarding sea transportation subsidies, BPK has also found a number of problems. Guidelines regarding the cost and revenue components that are calculated in the implementation of the public service obligation (PSO) in the sea transportation sector that has been determined by the government have not regulated the allocation of joint costs, reductions, and there is an inaccurate formula setting. This results in PT Pelni potentially incorrect in classifying cost components that can or cannot be taken into account in the implementation of PSO in sea transportation for economy class passengers. In addition, there is a potential for dispute or difference in perceptions in the process of verifying calculated cost components and assessing the fairness of the accountability report for PSO activities in sea transportation for economy class passengers carried out by Pelni. The PSO funds collected by PT Pelni also do not meet the efficiency aspects of state finances.

BPK also found a number of problems in the distribution of financial assistance to the public in 2019. These problems were found in a number of banks providing people's business credit (KUR). One of the problems is the distribution of KUR that is not in accordance with the provisions.

### Repeated findings

Daniel explained that the problem of control and compliance in calculating basic costs and tariffs as well as problems with corporate operating governance in the production and distribution of products or services were recurring problems that were found by BPK. In addition, the number of losses in energy production that exceeds the tolerance limit is still a problem from year to year.

In terms of energy subsidies, according to Daniel, the problem of production management and compliance with the imposition of basic electricity production costs by PT PLN (Persero) resulted in inefficiency and higher production costs. In addition, government policies related to the establishment or determination of selling prices have not been well anticipated so that PT Pertamina (Persero) has excess revenue in the distribution of JBKP and lack of revenue in the distribution of JBT.

For fertilizer subsidies, the guidelines for allocating business costs for PT Pupuk Indonesia (Persero) have not been fully applied. As a result, the cost of goods sold for subsidized and non-subsidized products is less precise. In addition, there are still problems in the management of the distribution of fertilizers which results in the potential scarcity of subsidized fertilizers. In terms of Public service obligations, the guidelines regarding the grouping and allocation of costs in the provision of public services by PT Kereta Api Indonesia (Persero) and PT Pelayaran Nasional Indonesia (Persero) are not fully adequate to support the accuracy of calculating basic costs and service rates. ●



pelni.co.id

# The Significance of Special-Purposes Audit

The special-purposes Audit (PDTT) is needed to audit the management and accountability of state finances.

**T**he Constitutional Court decided that the petition for judicial review on the BPK's authority to perform special-purposes audit (PDTT) was unacceptable. In the decision declared on October 26, 2020, the Constitutional Court confirmed that PDTT is the constitutional authority of BPK.

BPK Director General of Legal Affairs, Blucer Wellington Rajagukguk, said that one of the Constitutional Court's considerations in the decision was that the applicant did not have legal position or legal standing to submit the petition. In addition, the Constitutional Court also stated that PDTT is still needed to carry out audits of the management and accountability of state finances. PDTT is an effort to ensure that BPK audit results can be accounted for in compliance with statutory regulations.

Blucer said three petitioners who felt experiencing in constitutional losses submitted the judicial review process. Even so, the applicants were considered of having difficulties in understanding and explaining to the public about constitutionalism and the aims and objectives of the PDTT.

In the trial, said Blucer, BPK focused on the applicant's legal standing. BPK also explained that its authority is to audit the management and responsibility of state finances.

"So if the petitioners as a taxpayer feel that their constitutional rights are har-



■ Blucer Wellington Rajagukguk

med, it is reversed. BPK has responsibility to ensure that the management of state finances are well managed and used for the greatest of public wealth, including maintain the trust of taxpayers to the government," said Blucer.

Meanwhile, in substance, BPK explained the relationship between PDTT and other audits. One of the matters discussed in the trial was the authority of BPK to conduct PDTT even though the entity had obtained an Unqualified opinion (WTP) in its financial report.

Blucer clarified that the objective of the opinions expressed in the audit reports of the financial statements is to determine the fairness of the presentation of those fi-

”

So if the petitioners as a taxpayer feel that their constitutional rights are harmed, it is reversed. BPK has responsibility to ensure that the management of state finances are well managed and used for the greatest of public wealth, including maintain the trust of taxpayers to the government.

nancial statements. “Whether it has been presented properly or not is based on the criteria determined in the audit program,” Blucer said.

The objective of auditing the financial statement and PDDT is different. They are different in term of the audit methodology, scope and focus. There is a possibility that an entity that has received a WTP opinion will be audited using other forms of audits.

“In principle, BPK ensures that the overall management of state finances is accountable and transparent, including to reveal any state losses, if needed” Blucer said.

According to Blucer, PDDT can be carried out on the basis of the work plans of each BPK Directorate-General of Audit (Auditorat Utama Keuangan Negara/AKN) or on based on requests from representative entities or law enforcement officials. PDDT is not only primary required to improve accountability and assist the institutions solve challenges in managing state finances, but is also an effective and strategic tool for detecting and preventing corruption.

With regard to the possible misuse of PDDT powers, Blucer explained that BPK audit is inseparable from the oversight carried out by other state agencies, such as the House of Representatives (DPR). There is also a controlling and balancing functions toward BPK.

“PDDT authority is also international best practice and we do not make PDDT automatically,” he said.

BPK also has tools to prevent misuse of authority, namely the State Financial Audit Standards (SPKN). This standard regulates quality control and quality assurance in auditing. In addition, BPK auditors also have a code of ethics in carrying out their duties.

During the trial, BPK presented an expert witness, the Chairperson of the MPR RI faction for the 1999-2004 period, Andi Mattalatta. Blucer said that Andi was in charge in amending the 1945 Constitution from the Golkar faction.

The inclusion of Andi to clarify the original intention of Article 23E, paragraph 1 of the Constitution of 1945. In this article, Andi clarified that the purpose of the drafters of the constitution was to reinforce and empower state institutions, including BPK.

This is in line with the Lima Declaration of the INTOSAI congress in 1977, which aims to strengthen the Supreme Audit Institution around the world.

BPK recognizes that pursuing the vision of being a credible supreme audit institution that plays an active role in achieving quality and useful state financial governance in order to achieve the goals of the state, requires hard work. In this regard, BPK continues to refine the standards and audit methods used including improving the competence and credibility of the auditors assigned to PDDT.

The expectations of the Constitutional Court Panel of Judges in terms of improving the quality of PDDT are also BPK’s hopes. Therefore, BPK will continue to strive to carry out audits based on the values of independence, integrity and professionalism.

“We appreciate the Constitutional Court judges because they understand that PDDT is very important and if this is lost, it will reduce our efforts in preventing and eradicating corruption,” Blucer said. ●

# A Complete Role of BPK in Eradicating Corruption

The synergy between BPK and law enforcement officers (APH) is very important to eradicate corruption.

**T**he Audit Board of the Republic of Indonesia (BPK) has an active role in combating corruption in Indonesia. BPK even has a complete role from preventive, detective, to repressive stages.

“BPK plays a role in prevention based on recommendations from the BPK’s regular audits, then there is fraud detection through conducting investigative audit and revealing the occurred corruption in more detail. In addition, BPK also calculates the state losses that arise and provides expert testimony if the case is brought to trial,” said Hery Subowo, Director General of Investigative Audit at BPK. Hery explained that the preventive actions taken by BPK were trying to prevent corruption from occurring. This can be done through audit recommendations, both financial, performance and non-investigative audits with specific purpose (PDTT).

In the Audit Report (LHP), BPK will provide recommendations for improving the Internal Control System (SPI). If the SPI is corrected based on BPK’s recommendation, the chances of corruption to be occurred will be smaller.

Hery said, corruption or fraud could arise for three reasons. First, the rationalization. This means that there are thoughts of fraudsters who justify and encourage them to commit corruption.

Then, the existence of pressure element.



■ Hery Subowo

According to Hery, there are pressures that arise from the environment to encourage someone to commit corruption.

“For example, the pressure to live successfully, to own a car, or entangled in debt. These things suppress and encourage someone to commit corruption crimes,” said Hery.

Then, the third factor is the existence of opportunity. Hery conveyed that the rationalization and pressure factors could not be changed because it is related to each person’s personality. Therefore, the third factor becomes very important because it can determine the two previous factors.

Hery revealed, people who do not intend to commit fraud can change, if the opportunity arises. People are also tempted to commit corruption, because the system is weak.

“The existence of BPK’s recommendation improve the system which eventually close the opportunity for someone to commit corruption,” said Hery.

”

BPK plays a role in prevention based on recommendations from the BPK's regular audits, then there is fraud detection through conducting investigative audit and revealing the occurred corruption in more detail. In addition, BPK also calculates the state losses that arise and provides expert testimony if the case is brought to trial.

From BPK's audit, when there are findings that indicate crime or indicate state loss, it will be followed up through an investigative audit. In that stage, the elements of 5W2H or what, who, where, when, why, how, and how much will be revealed.

"In revealing how much the fraud committed was, that is where BPK's detective role emerged," he said.

The results of the BPK investigation audit will be submitted to Law Enforcement Officials (APH) such as the Attorney General's Office, the Police, or the Corruption Eradication Commission (KPK). APH will then conduct a deepening into the case. If there are two pieces of evidence, the case can be upgraded to an investigation and determination of a suspect. The auditors will count state losses related to the corruption acts. BPK has the authority to calculate that state losses.

When BPK was involved in calculating state losses, it meant that it had entered a repressive stage. This means that the law enforcement process has begun.

"So, when APH conducted an investigation they asked BPK to calculate state losses," said Hery.

Hery said, the synergy between BPK and APH is very important to eradicate corruption.

BPK has now agreed to cooperate with APH and this is written in a memorandum of understanding. One of the elements of cooperation is that each party can exchange information related to the handling of cases that are being carried out.

Hery explained, when APH needed an investigation request, they could send a letter to BPK. Then, BPK will respond by asking APH to expose the case. The materials or data are then reviewed. BPK has a preliminary information review procedure. Hery said, prior to the investigative audit and PKN, pre-planning activities were carried out.

This will determine whether the case is worth investigating or not.

"Is it worth calculating the state losses or not. Because the fundamental question when examining the initial information is whether these losses involve state finances or not?" said Hery.

To ensure this, BPK also needs to exchange data with APH. Hery emphasized that in calculating state losses, it must be real and there is an act against the law.

Hery said the synergy between BPK and APH would strengthen the evidence to be brought to trial. He conveyed that BPK could suggest to APH to pursue the necessary evidence or ask for information from people related to the case.



“The documents and information can be difficult for BPK to access. That’s where the limitations of auditors are, but investigators can penetrate them,” said Hery.

Hery gave an example, in this case, transaction documents at the bank were needed. With the existence of the Banking law (UU) which guarantees the confidentiality of customer data, BPK may not necessarily be able to obtain this data. Meanwhile, if the request came from APH and the case has entered the investigation stage, the data can be requested.

“That is where the synergy between BPK and APH is important. Because BPK with its audit capabilities knows the items, but we do not have the capacity to retrieve the data. But investigators are on the contrary, they have the capacity to retrieve data but they don’t know which data to retrieve,” said Hery.

Hery said, there were a number of significant BPK investigations as they were related to major cases such as the Century Bank case, Hambahang, Sumber Waras Hospital, and most recently Jiwasraya. According to Hery, of these cases, BPK still carrying out the investigative audit.

Summary of Semester Audit Reports (IHPS) I Year 2020 The Audit Board of the Republic of Indonesia (BPK) contains the results of monitoring the use of investigative audit (PI) reports, calculation of state losses (PKN), and provision of expert testimony (PKA) issued within the period of 2017 until 30 June 2020. Monitoring was carried out on the use of the PI reports in the inquiry and investigation process, the use of PKN reports in the preparation of the P-21 (the completed investigation file) and the investigation process, as well as PKA attended by BPK to be used in prosecution by the Public Prosecutor (JPU).

Within the period of 2017 to 30 June 2020, BPK submitted 22 PI reports with indication value of state/regional losses of Rp8.70 trillion. In addition, BPK also submitted 238 PKN reports, with a total state/region losses of Rp29.10 trillion, to the authority. BPK has also carried out 226 PKA cases at the trial stage.

In more detail, of the 22 PI reports that have been submitted, nine have been used in the inquiry process, and 13 have been used in the investigation process.

Meanwhile, of the 238 PKN reports that have been submitted, 50 reports have been used in the investigation process and 188 cases have been declared P-21, which means the investigation files have been completed. For 226 the provision of expert testimony at court by BPK were entirely used in the prosecution by Public Prosecutor.

Hery has planned a number of strategies to strengthen BPK’s Directorate General of Investigative Audit (AUI) in the future. He said, there would be an improvement in procedures to assist auditors at AUI.

One activity to be undertaken is updating the pocket book for calculating state losses and providing expert testimony. Hery hopes that this can become the latest guide for AUI auditors. In addition, in terms of quantity, currently there are only 95 AUI auditors. Meanwhile, the workload is increasing day by day.

“AUI is in charge of accommodating requests for investigative audit from all over Indonesia. So we need to increase the number of human resources,” said Hery.

However, according to Hery, it is also not an easy job. Hery said that auditors at AUI must have special skill as investigators.

“Because in investigative audit, the problem must be identified for until it is proven that there is no fraud. So it takes curiosity and patience,” said Hery.

Human resource capacity building at AUI will also continue. Hery said that AUI is currently developing a partial education and training program.

“So every week, we organize a workshop or FGD by inviting competent external subject matter experts,” said Hery.

With virtual training which is conducted once a week, it is expected that it can fulfill the training needs of AUI auditors. This is because AUI auditors have work constraints scattered in various places.

“For example, when someone is searching for data, there is no way he should be called to participate in training. Because of that, I innovated to organize a partial training. This training is held once a week, three hours, every Thursday. The discussion includes anything from the audit methodology, understanding business processes, to the audit environment in general,” said Hery. ●



**AUI is in charge of accommodating requests for investigative audit from all over Indonesia. So we need to increase the number of human resource.**



■ Board Member IV of BPK, Isma Yatun

## Indonesian Women Thriving at Workplace, Accomplished at Home

Women tend to solve problems with their holistic thinking.

Indonesian women have the same opportunity to reach their dreams. Both in education and employment, women have the chance to compete at being the top with men. Data from the Central Statistics Agency (BPS) in 2019 shows that the percentage of women owning a bachelor degree reaches 9.52 percent. This number is slightly higher than men at 9 percent.

Board Member IV of the Audit Board of the Republic of Indonesia (BPK) Isma Yatun assessed that women in leadership roles in various public sectors in Indonesia have indeed begun to increase. Both in terms of numbers and areas of expertise. Women's leadership make major contributions with great achievements in legislative, central/local governments, State/Local-Owned Enterprises, as well as in the private sectors.



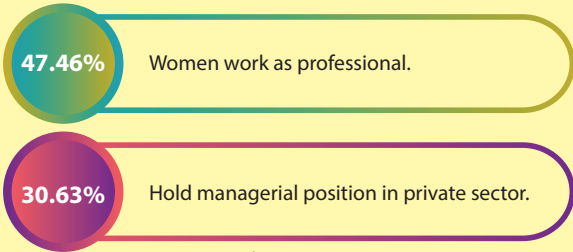
In the government sector alone, there are five women ministers in the President Joko Widodo's administration, Kabinet Indonesia Maju (Indonesia Onward Cabinet). The Corruption Eradication Commission (KPK) has a woman commissioner. "In BPK, as a Board Member I represent the Indonesian women in contributing to the auditing sector. There are

many other women taking part in other sectors, such as private sector," Isma said to *Warta Pemeriksa*.

However, she added, women need to increase their participation in the world of work. Based on BPS data, Women Participation Rate in Labor Force (TPAK) still lies around 55 percent. Meaning that only half of the total women of working

This is an exciting reality that more and more women can dedicate their abilities to work and progress in their career at public or private sectors, while still managed to carry out their main role as housewives.

Board Member IV of BPK  
**Isma Yatun**



Source: Central Statistics Agency (BPJS) Data, 2019

Total number of workforce in the government sector/civil servants (PNS) as of 30 June 2020: 4.12 million.



Comprising of PNS in central and local government, with greater percentage of women PNS at 52%.



Source: State Civil Service Agency (BKN)

age in Indonesia actually get employment opportunities.

This participation rate might be the result of the stigma that once they get married, women are expected to prioritize their role as a wife and mother. "Due to these roles, not all women with high educational background have the desire and ambition in pursuing their dreams in the professional world. Even when opportunities are wide open and their ability could make it happen," she told.

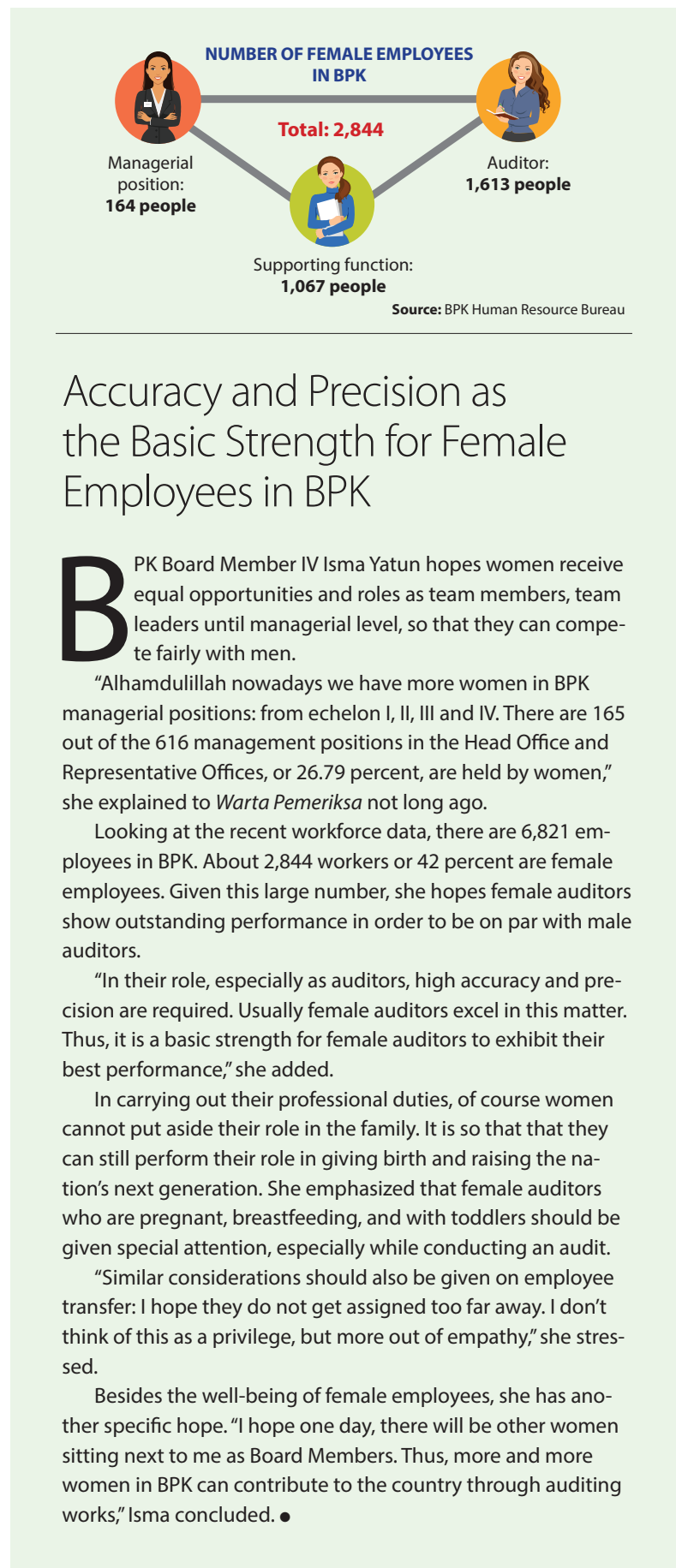
The urge to increase women role continues to be voiced. The most apparent is the policy change. For example Law Number 12 of 2003 concerning General Elections, Law Number 2 of 2008 concerning Political Parties, and Law Number 10 of 2008 concerning General Election to House of Representatives (DPR), House of Regional Representatives (DPD) and Regional Legislative Council (DPRD) have all stipulate women participation rate at 30 percent.

However, based on data from DPR, women representation in DPR for 2019-2024 has only reached 2-5 percent or 118 members out of a total of 575 parliament members. This is a tough challenge considering women representation in parliament is very essential as public policy making will directly affect the quality of the legislation products.

Increased efforts to provide women with bigger roles and responsibilities also need to be done in other sectors, Isma added. Women can usually give ideas, suggestions and solutions from a different point of view. Women tend to think more holistically when solving various public issues.

From this, we can see that there has been efforts and support to encourage equal rights, especially in the political arena. This support is of course adjusted to women's capability while still taking into account their domestic role in the household.

"So that women leadership in the society as well as their role in the family can go hand in hand smoothly and in well balance: thriving at workplace dedicating their abilities to the state and nation, and accomplished in creating a better future generation," Isma ended. ●



## Accuracy and Precision as the Basic Strength for Female Employees in BPK

**B**PK Board Member IV Isma Yatun hopes women receive equal opportunities and roles as team members, team leaders until managerial level, so that they can compete fairly with men.

"Alhamdulillah nowadays we have more women in BPK managerial positions: from echelon I, II, III and IV. There are 165 out of the 616 management positions in the Head Office and Representative Offices, or 26.79 percent, are held by women," she explained to *Warta Pemeriksa* not long ago.

Looking at the recent workforce data, there are 6,821 employees in BPK. About 2,844 workers or 42 percent are female employees. Given this large number, she hopes female auditors show outstanding performance in order to be on par with male auditors.

"In their role, especially as auditors, high accuracy and precision are required. Usually female auditors excel in this matter. Thus, it is a basic strength for female auditors to exhibit their best performance," she added.

In carrying out their professional duties, of course women cannot put aside their role in the family. It is so that that they can still perform their role in giving birth and raising the nation's next generation. She emphasized that female auditors who are pregnant, breastfeeding, and with toddlers should be given special attention, especially while conducting an audit.

"Similar considerations should also be given on employee transfer: I hope they do not get assigned too far away. I don't think of this as a privilege, but more out of empathy," she stressed.

Besides the well-being of female employees, she has another specific hope. "I hope one day, there will be other women sitting next to me as Board Members. Thus, more and more women in BPK can contribute to the country through auditing works," Isma concluded. ●

# Gender is not a Barrier

The biggest challenge for women who become leaders is when they have to divide their roles between professionalism in careers at work and their domestic roles as house wives at home.

**W**omen are increasingly playing a role in various sectors of the country's work and professions. In fact, not a few women are at the top of a company or institution.

Nicke Widyawati is one of those women. The woman who was born in Tasikmalaya, West Java, on 25 December 1967, headed PT Pertamina (Persero), which plays an important role in the energy sector in the country as President Director.

Nicke shared her views on the role up to the challenges of women in Indonesia today to *Warta Pemeriksa*. According to Nicke, gender is not an obstacle for Indonesian women to make progress and work at the top of their careers.

Nicke said the data showed that as many as 38.53% of Indonesian workers were female workers in 2019. As for BUMN companies, about 11 per cent of directors and 10 per cent of commissioners of BUMN are women.

"Although the portion still needs to be increased, currently there are many women leaders in Indonesia. And, there has been a lot of evidence that companies in Indonesia led by a woman also have a very good performance," said Nicke.

Apart from being the head of company, Nicke said, many women are also trusted to hold ministerial positions in the government. According to her, this is proof that even the leader of state does not hesitate to elect women to occupy political positions such as ministers.

With regard to the challenges faced by women, Nicke believes that the greatest challenge for women who become leaders is to divide their roles between professionalism and their domestic roles as house wives. Women have to divide their time



■ Nicke Widyawati

”

Although the portion still needs to be increased, currently there are many women leaders in Indonesia. And, there has been a lot of evidence that companies in Indonesia led by a woman also have a very good performance.



■ Sumy Hastry

nimcpolri.info

between work and their families. But at the same time, both of them sometimes demand priority. According to her, this is the reason why the majority of women workers are resigning from their work, especially for family reasons.

Another challenge is that there is still a public perception that underestimates women's abilities, which make women's performance is still underestimated. In fact, Nicke said, there is ample evidence that women's performance can be better than men's. According to Nicke, women have advantages that can become strengths, namely the gift of being mothers. Biologically, women are endowed with a uterus that is nourishing, developing, and protective.

"These qualities are instinctively owned by a woman, so she is able to be a leader with compassion, brings mother and child connections to the organization, and certainly protects all team members. This can be a confidence capital for Indonesian women that we can also perform high," said Nicke.

As the company's leader, she also emphasized giving women the widest possible opportunity. Indonesia is also committed to increase the representation of women. In Parliament, for example, the representation of women must be at least 30%. Meanwhile, the BUMN Ministry has committed to achieving a minimum of 15 percent representation of women on the Board of Directors of BUMN.

Increased representation of women was not carried out on the basis of gender alone. According to Nicke, the increase is due to the fact that the number of women pursuing higher education is almost the same as men. Likewise, the number of female

workers in Pertamina, especially those in strategic positions of leadership. "From year to year, it continues to increase from 7.7% in 2018 to 9.5% in 2020.

At Pertamina, Nicke said, women have the same role as men. There is no term for gender differentiation. Nicke emphasized that for Pertamina, it is those who can provide dedication and high performance that have a role to play, not because of male or female factors. "Currently the leadership at Pertamina has also varied, many women have held leadership positions."

She explained that women workers in the Pertamina Group amounted to 17 percent, where the leadership position (level manager and above) was held by women, which means that, she said, many women workers in Pertamina had been able to demonstrate dedication and positive performance so that they could occupy those positions.

"I hope that the figure of 13 percent of women leadership positions can continue to increase, but this is not a special target, because my hope is for all Pertamina employees to be fully dedicated to the company. I fully support all Pertamina employees, both men and women, both young and old. I support and hope that Pertamina employees have high dedication to the company, nation and country," Nicke said.

### Trustfulness

Head of Bhayangkara Hospital Semarang, Kombes Pol Dr. Dr. Sumy Hastry shared the same opinion with Nicke about the role of women. According to Kombes Sumy, the role of women in various sectors has been very visible and reliable. "Women can also act as mothers, siblings and good friends," she said.

However, she admits that there is one major challenge for a woman in her career, namely sharing time with her family. Another challenge, she said, is that there are still people in different regions who adhere to the notion that men are leaders.

"In order for women to play an increasingly important role, encouragement can be given by trusting and supporting to women as leaders. I am sure there are many women who are capable and who can be leaders," she said.

Kombes Sumy, who has a background as a forensic expert, has also given tips on success in her career. "Wherever she worked, both when she was a forensic expert and now, she is the head of hospital, professional principles, transparency and accountability are still upheld and put forward," she said. ●

# Women's Involvement is Improving

After the reformation, women's political participation has grown bigger and wider, including their leadership role in the public sector.



**T**he involvement of women in the public sector is considered to continue improving. Minister of Manpower, Ida Fauziyah said that women's participation within the executive, legislative, and judiciary institutions has shown positive developments although it has not yet reached an ideal point.

"Although there are still many challenges for women to occupy key positions in the public sector, we are slowly moving towards a better direction," Ida told *Warta Pemriksa*.

After the reformation, women's political participation has grown larger and wider, including their leadership role in the public sector.

The 2019 elections have produced 121 female parliament (DPR RI) members out of 575 total parliamentary seats contested or equivalent of 21 percent. According to Ida, this figure shows an increase compared to the previous election which only reached 18 percent or 103 seats out of 560 total seats.

"This means that the trend is quite encouraging, although it is still below the 30 percent quota," she said. According to data from the PPPA Ministry, the electability rate of women before the simultaneous regional elections was only around 27 people or 2.5 percent. However, after three simultaneous regional elections, it increased to 87 people (8 percent) from 1,096 mayors/regents and its vice mayors/vice regents.

Meanwhile, based on BKN data, the proportion of female

civil servants in 34 ministries presents a relatively stable figure at around 39 percent. Even so, female civil servants who held echelon (1-5) positions only reached 22.38 percent in the 2011-2012 period, and increased slightly to 23.48 percent in the 2015-2016 period.

Ida said that the Ministry of Manpower encourages and facilitates women to take part in vocational training programs and increase productivity as a provision for them to enter the labor market. The Ministry of Manpower also collaborates with various women's organizations at the national and local levels to increase their participation in various employment opportunities expansion programs.

The Ministry of Manpower also encourages the creation of a more inclusive and conducive work environment for the protection of women's rights in general. In addition, the Ministry of Manpower encourages flexible working hours policies to make it easier for women to be able to continue working on the sidelines of household activities that must be handled. With the flexibility of working hours, housewives can work shorter hours, for example from 10:00 to 15:00.

As an observer of gender equality issues, Ida admits that the issue of gender discrimination still often occurs. She gave an example, in a period of three months from 29 February to 10 June 2020, the Online Information System for the Protection of Women and Children (Simfoni PPA) recorded 787 cases of violence against women and 523 acts of domestic violence (KDRT).

Although it still has problems, according to Ida, the discourse on gender equality in Indonesia is relatively more advanced.

"We have even had a female president, Mrs. Megawati, as well as regional heads. A new phenomenon that might have been considered strange to be presented as part of the political development agenda," she said.

Ida advised all working women in Indonesia to continue to be passionate about giving the best contribution to their family, nation, and country. To divide time between work and family, Ida has three important things, namely commitment, communication, and discipline.

"Women must continue to work without neglecting household duties. With straight intentions and high fighting spirit, I am sure that every woman working in Indonesia will be able to become a dedicated wife and mother as well as an outstanding professional," said Ida. ●

# FLOW OF PUBLIC INFORMATION INQUIRY



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

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

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

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



#### Public:

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



#### Requirements:

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



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

The requirements are completed ✓



#### If the requirements are completed

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

The requirements are not completed ✗



#### If the requirements are not completed

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

# Overseeing SDGs Implementation

Audit of SDGs implementation is carried out using a whole of government approach since BPK needs to conclude the extent of coherence and integration in policy implementation.

**T**he Audit Board of the Republic of Indonesia (BPK) continues to oversee the Sustainable Development Goals (SDGs) Program in Indonesia. Currently, the audit process has entered the SDGs implementation phase.

Audit of SDGs implementation is guided by INTO-SAI Development Initiative SDGs Audit Model (ISAM). Referring to ISAM, audit priority starts with the national targets set out in the National Medium Term Development Plan (RP-JMN). Then it will link to SDG targets at the global level.

Since BPK's Strategic Plan was developed based on development targets as set out in RPJMN, SDG targets audited are in line with the targets of BPK's Strategic Plan.

A multi-stakeholder approach is used in the SDGs audit. BPK will audit the government particularly the National Development Planning Agency (Bappenas) as the National Secretariat for SDGs and proceed to Ministry and Local Government levels at the implementation stage. In addition, BPK collaborates with SDGs centers at universities, to non-state actors such as UNDP Indonesia to increase understanding of SDGs.

BPK Vice Chairman Agus Joko Pramono in a workshop related to SDGs audit some time ago stated that SDGs implementation audit is an audit focusing on implementation of a series of policies that contribute to the achievement of nationally agreed target related to one or more SDGs targets.



SDGs implementation audit is an audit focusing on implementation of a series of policies that contribute to the achievement of nationally agreed target related to one or more SDGs targets.

It is conducted to conclude on matters related to efforts towards achieving the nationally agreed targets, how likely targets will be achieved based on current trends, and adequacy of the national targets compared to the corresponding SDGs targets.

SDGs implementation audit is carried out using a whole of government approach since BPK needs to conclude the extent of coherence and integration in policy implementation. Furthermore, it includes objectives and questions that allow auditors to conclude that no one is left behind in the development process.

In accordance with BPK's mandate, multi-stakeholder audits will focus on government's effort in reaching and involving multiple stakeholders in setting and implementing nationally agreed targets relate to SDGs. Auditors can also assess whether go-

vernment is able to create a good environment for the engagement process, level of stakeholders involvement, involvement of critical stakeholders and the adequacy of interaction in the process.

In considering adequacy of interaction, auditors may consider whether communication channels that would allow for an open and honest feedback system are available, whether the system is accessible and simple enough for stakeholders, and whether the system allows for a balanced dialogue between parties.

### Geospatial Technology

COVID-19 pandemic did not stop BPK in carrying out its SDGs audit. Although it creates new challenges, BPK already has a mobile audit tool long before the pandemic strikes. In SDGs preparedness audit in 2018, the use of mobile audit was not a priority. However, it becomes very relevant in times of pandemic. Currently, BPK is developing SDGs audit portal as a comprehensive form of mobile audit tools.

BPK also utilizes geospatial technology through arcGIS application in auditing SDGs. This application is the backbone of spatial analysis assisting the audit team. It has a variety of uses. From an economic dimension, it can be used to assess asset revaluation. From a social dimension, it can be used for audit on education. From an environmental dimension, it is used in audits on rice fields, mines, forests, and watershed. It has become widely used across audit departments as it assists in audit analysis process.

BPK has been using ArcGIS application for quite some time. Since 2008, this application has been used in audits on forests, watershed, and mines.

In the past, it did not develop rapidly because geospatial technology with satellite imagery was very expensive. However, with technological developments, especially drones, the mapping result of current condition can be used to check paddy fields, environmental restoration programs in the mining and forest sectors at a more affordable cost.

BPK is currently one of the leading Supreme Audit Institution (SAI) in overseeing SDGs implementation, both at regional level such as ASEAN and global. Previously, BPK had developed Audit Reports on SDGs Preparedness based on 2017 Voluntary National Review (VNR) and SDGs Implementation based on 2019 VNR. Audit on SDGs in Indonesia by BPK is expected to be a reference for other SAIs in conducting SDG-related audits. ●

**Source:** BPK Senior Auditor, Tjokorda Gde Budi Kusuma



# BPK and IMO Discuss the Audit Planning

BPK to audit IMO will be started by planning an interim audit from October to November 2020.

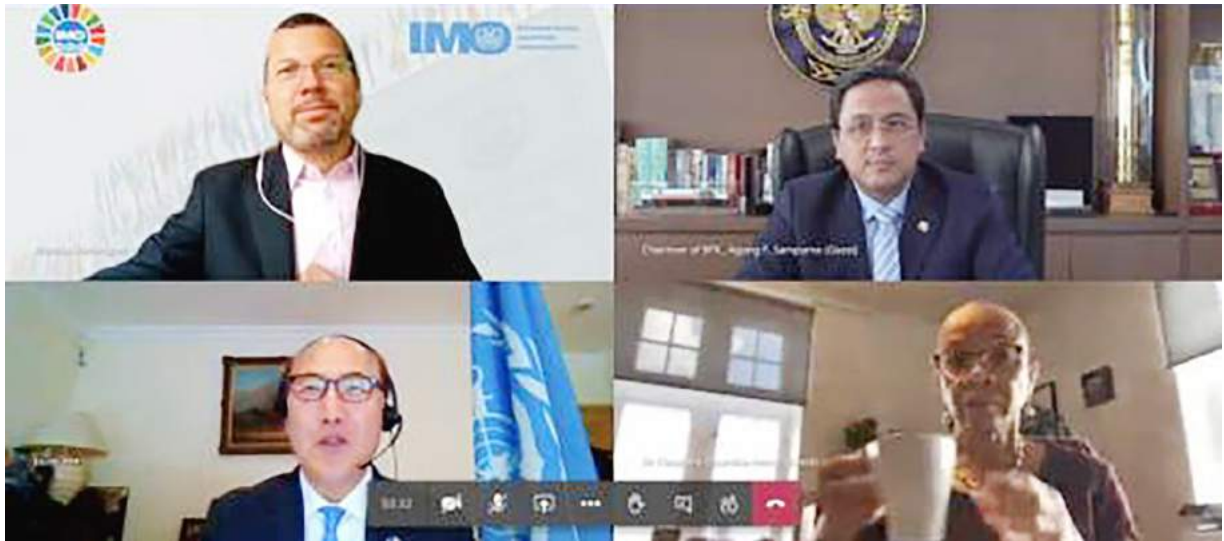


■ BPK Chairman, Agung Firman Sampurna

**T**he Audit Board of the Republic of Indonesia (BPK) and the International Maritime Organization (IMO) conducted a virtual high-level meeting on Wednesday (30/9). This official meeting was held as part of initiation stages of BPK's assignment as the external auditor of IMO for the period of 2020 – 2023.

The high level meeting was attended by Chairman of BPK Agung Firman Sampurna, Secretary General of IMO Kitack Lim, President of World Maritime University (WMU) Cleopatra Doumbia-Henry, Direktor of International Maritime Law Institute (IMLI) David Joseph Attard, and Chargé d'affaires ad interim of Embassy of the Republic of Indonesia (KBRI) London Adam M Tugio, as well as IMO management. In addition to discussing the audit plan, the meeting was to provide information and in-depth understanding of IMO, WMU and IMLI as BPK's audit entities and also to introduce BPK's leadership and external audit team to audited entities.

On this occasion, Chairman of BPK conveyed an explanation regarding the adjustment of the audit schedule due to the Covid-19 pandemic, procedures and audit mechanisms in the midst of the Covid-19 pandemic, to explain which parties are involved in governance of IMO, WMU, and IMLI. In addition, Chairman of BPK also informed the external auditor's hand-over position from SAI Ghana to BPK.



■ Virtual high-level meeting BPK-IMO.

“BPK will conduct virtual audit procedures during 2020. Meanwhile, audit procedures that require field audit are planned to be held in London, Sweden and Malta from February to March 2021,” said BPK Chairman.

BPK’s audit of IMO begins with an interim audit plan from October to November 2020. After that, it will be followed by auditing the IMO’s financial statements for the 2020 fiscal year from December 2020 to January 2021.

All stages of interim audit and audit planning are conducted virtually. Furthermore, audit on IMO financial statements for the 2020 fiscal year will be carried out from February to March 2021, and the reporting of audit results on March to April 2021 will be carried out on site.

In his remarks, IMO Secretary General Kitack Lim expressed his gratitude and expectations for the audit work carried out by BPK. He also said that, as in previous years, the report on the results of audits by external auditors had helped IMO a lot in improving its accountability and quality as an international organization under the United Nations (UN). “As well as increasing the trust of member countries and stakeholders in the results of IMO work,” he said.

Meanwhile, in this virtual meeting, President of WMU and Director

of IMLI conveyed brief information about the duties, functions and current status of WMU and IMLI. This brief explanation is expected to provide an overview of WMU and IMLI, the two maritime education institutions established by IMO.

The virtual meeting with IMO was also attended by Secretary General of BPK Bahtiar Arif who also acted as the person in charge for IMO Audit Team, Head of Public Relations and International Cooperation Bureau Selvia Vivi Devianti, and the Head of International Cooperation Division, Kusuma Ayu Rusnasanti. This meeting was also attended by Nanik Rahayu, Pingky Dezar Zulkarnain and Endra Noviandi Sujadi who are Technical Controllers, IT Technical Controllers and Head of the IMO Audit Team, as well as the Foreign Cooperation Analyst Kartika Widyastuti. ●

”

BPK will conduct virtual audit procedures during 2020. Meanwhile, audit procedures that require field audit are planned to be held in London, Sweden and Malta from February to March 2021.



■ Virtual high-level meeting BPK-IMO.

# BPK Invites SAIs to Discuss about Covid-19 Audit

SAI has an important role in ensuring transparency during pandemic.



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

The Audit Board of the Republic of Indonesia (BPK) held an International Seminar for Audit Covid-19 Response virtually on Thursday (1/10). This international seminar aims to share knowledge about audit standards in times of disaster and audit experiences on handling Covid-19 conducted by Supreme Audit Institutions (SAI) or audit agencies from other countries.

The seminar, which was attended by more than 700 participants from BPK and representatives of members of The ASEAN Supreme Audit Institutions (ASEANSAI), was officially opened by the Vice Chairman of BPK, Agus Joko Pramono. This seminar featured speakers from the Australian National Audit Office (ANAO), Office of the Comptroller and Auditor General India, Auditor-General of South Africa, INTOSAI Development Initiative (IDI), and Najwyższa Izba Kontroli (NIK) Poland.

In his remarks, the Vice Chairman of BPK expressed his deep concern for this pandemic and emphasized that SAI has an important role in ensuring transparency during pandemic.

Meanwhile, Group Executive Director - Professional Services and Relationships Group Australian National Audit Office (ANAO), Jane Meade, explained the impact of Covid 19 which has affected the performance of the government and ANAO. "In this period, remote auditing and IT systems play an important role in minimizing the risk of being exposed to Covid-19," said Jane Meade.

Furthermore, ANAO Executive Director Assurance Audit Services Group, Rahul Tejani, explained the challenges faced in conducting audits, especially when the government is focused on overcoming the pandemic. It is important to emphasize that the health and safety of auditors are of the utmost importance.

Meanwhile, Director General of the Office of the Comptroller and Auditor General India, Keerti Tewari, shared the experience of SAI India in auditing



■ **Manager of Professional and Relevant SAIs Department IDI, Yudi Ramdan Budiman**



■ **Group Executive Director-Professional Services and Relationships Group ANAO, Jane Meade**



■ **Executive Director Assurance Audit Services Group ANAO, Rahul Tejani**

”

In this period, remote auditing and IT systems play an important role in minimizing the risk of being exposed to Covid-19.

the procurement of drugs and medical devices for handling Covid-19. Corporate Executive in the office of the Auditor-General representing the Auditor General of South Africa, Jan van Schalkwyk, also shared their experiences. On that occasion, he emphasized the importance of INTOSAI P-12, especially regarding the role of SAI in promoting accountability during a pandemic. The practice of SAI of South Africa in auditing the Covid-19 response was delivered comprehensively by Business Executive: Audit Research and Development, Linda le Roux. In her presentation, Linda le Roux explained about the real time audit of Covid-19 which consists of three components, namely prevention,

detection and reporting.

Furthermore, the Manager of Professional and Relevant SAIs Department of INTOSAI Development Initiative (IDI), Yudi Ramdan Budiman, encouraged SAI to continue to oversee the use of disaster emergency funds during the Covid-19 period. He also conveyed about the IDI initiative to support SAI through the Covid-19 period through publications and other IDI programs. The virtual seminar went well and were productive. This can be seen from the enthusiasm of the participants in asking some issues to the speakers. It is expected that this seminar can provide insights and learning for participants in preparing for the upcoming audit of Covid-19 handling. ●



■ **Director General of Office of the Comptroller and Auditor General India, Keerti Tewari**



■ **Business Executive: Audit Research and Development, Linda le Roux**



■ **Corporate Executive in the office of the Auditor-General South Africa, Jan van Schalkwyk**

# BPK Shared Experiences on Auditing Donor Funds

BPK emphasized the importance of synergy, collaboration, harmonization, communication, innovation and capacity building with all stakeholders, including government, donor countries and institutions, as well as the INTOSAI community.



**T**he Audit Board of the Republic of Indonesia (BPK) had the opportunity to be a panelist at the INTOSAI Capacity Building Committee (CBC) Webinar on SAI's Auditing Donor Funds held virtually on Tuesday (6/10). The virtual seminar discussed audit on grant/loan funds from donors.

On this occasion, BPK was represented by the Director General of Planning, Evaluation and Development, Bernardus Dwita Pradana. He explained the pros, cons and possible dilemmas of a SAI being in the lead in the audit of donor funds.

According to Dwita, in the context of budget cycle, especially in terms of transparency and accountability for the use of donor funds, there are two systems commonly used by Supreme Audit Institutions (SAI). The first system is "full use of country system", meaning that management and audit are carried out by fully following the existing system in the country. This is an important element of the effectiveness principle in the use of development assistance funds agreed by the Paris Declaration (2005), Accra Agenda for Action (2008) and Busan Partnership for Effective Development Cooperation (2011).

The second system is the supplemental use of country systems, where in addition to the management and audit carried out using the country system, many donor agencies have begun involving SAIs in auditing donor funds according to terms of reference as an additional activity of SAI. This system has previously been used, and is still being applied to several donor agencies in the world. Audits in Indonesia are carried out by internal and external auditors from donor agencies, public accounting firms, and Indonesia's National Government Internal Auditor (BPKP).

Audits in Indonesia, specifically BPK, is currently using supplemental use of country system. All donor funds enter and are managed in

the state financial system. As part of state finance, it automatically becomes the scope of audit on Central Government Financial Report (LKPP) and Financial Audit on State Ministries/Institutions (LKKL). Information regarding donor funds is disclosed adequately in the financial statements.

However, due to the special requirements of the donor agency system, BPK also conducts a separate audit on the financial report of donor funds. This is where the dilemma arises between integrating audit on donor funds as part of the LKPP/LKKL (i.e. full use of country system) or conducting a separate financial audit to meet the specific requirements from donor agencies (i.e. supplemental use of country system). The challenge ahead is to employ full use of country system. With this system, said Dwita, transparency and accountability would increase as audit on foreign grant/loan becomes an integrated and inseparable part of LKPP and LKKL. Thus, foreign grant/loan is properly disclosed in each ministry/agency. BPK audit results would then be submitted to the parliament and be monitored of its follow-ups.

“When this (country) system is not used, then audit reports on donor funds carried out by Public Accounting Firms or internal/external auditors appointed by donor agencies would only go to the donor,” he said.

According to Dwita, another advantage of using country system is that it is more efficient: when done simultaneously with LKKL, there would be no double audits causing resource drain.

He added, the next things to be considered are how to meet specific requirements from donor agencies or countries, such as types of reports and manuals for aid program. “With this system, donor agencies expect all projects to be assessed. However, some foreign aid programs might not be audited because they are not part of the samples. SAI professionally and independently determines what and how the audit is carried out based on an assessment of risk and materiality,” added Dwita.

Dwita said BPK has made harmonization efforts such as requesting the government to include the audit framework set by BPK into the list foreign aid projects, as well as audit objective and scope of audit approved by BPK as part of the project agreement between government and donor agencies.

In the virtual seminar, Dwita also emphasized



■ Bernardus Dwita Pradana

the importance of synergy, collaboration, communication, innovation, and capacity building with all stakeholders, including government, institutions, donor countries, and INTOSAI community. This is an important aspect in realizing the sustainable role of SAI in auditing donor funds.

The webinar event organized by INTOSAI was opened by Auditor General of Sweden Helena Lindberg as CBC Vice Chair. She explained that the panel discussion referred to the issue paper distributed to participants. The discussion was moderated by the International Director at the Netherlands Court of Audit Andrea Connell.

In addition to the topic conveyed by Dwita, the panel discussed three other issues, which were conditions for success and identified best practices; how can INTOSAI and regional organizations support SAIs in this area; and Q&A.

The other panelists include Corporate Executive at Auditor-General of South Africa Jan van Schalkwyk; Deputy Auditor General for International Affairs at Swedish National Audit Office Catharina Cappelin; Chief Executive Officer of AFRO-SAI-E Meisie Nkai; Auditor General Afghanistan Mohammad Naiem Haqmal; and Governance advisor and economist of EU in Madagascar Mailan Chiche.

Several main points resulted from the webinar were the importance of SAI role in auditing donor funds, the importance of collaborating, synergizing, having a dialogue, capacity building, and SAI mandate in auditing donor funds.

By contributing as a panelist in this event, BPK hopes to increase externalization of its audit experiences for public sector transparency and accountability as well as to become a reference for other SAIs in conducting audit on donor funds. ●

# BPK Contributed to the Preparation of Indonesia's VNR

In this forum, BPK was the only stakeholder of SDGs representing Supreme Audit Institutions (SAI) in the Southeast Asian region having the opportunity to make a statement.

**A**ligned with the recommendation from the International Organization of Supreme Audit Institution (INTOSAI) in 2016, the Audit Board of the Republic of Indonesia (BPK) contributed to the preparation of Indonesia's Voluntary National Review (VNR).

This was stated by BPK Vice Chairman Agus Joko Pramono in the 4th South-East Asia Multi-Stakeholder Forum on Implementation of the Sustainable Development Goals (SDGs). This virtual event was organized by the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) on 28-29 October 2020.

On this occasion, Agus explained BPK's contributions in 4 areas. First, by conducting audit on the readiness for SDGs implementation in 2018. The audit recommendations were then used by the government in the preparation of SDGs in Indonesia. Second, by carrying out audit on SDGs implementation in 2019. The government has been using BPK's audit recommendations to implement SDGs to date.

Third, by creating accountability and transparency in accordance to targets in SDG 16. Lastly, being a role model by conducting audits based on Supreme Audit Institution (SAI) Performance Measurement Framework (PMF).

BPK has published 2 audit reports on SDGs in Indonesia. Agus added that by having check and balance, BPK can help the Government of Indonesia in preparing its VNR for 2021. Thus,



■ BPK Vice Chairman, Agus Joko Pramono

”

By having check and balance, BPK can help the Government of Indonesia in preparing its VNR for 2021. Thus, stakeholders trust can increase, government can focus on efforts to achieve SDG targets, and Indonesia's achievements can be maintained.



stakeholders trust can increase, government can focus on efforts to achieve SDG targets, and Indonesia's achievements can be maintained.

The 4th South-East Asia Multi-Stakeholder Forum on Implementation of SDGs was held to determine the extent of SDGs achievements in Southeast Asia. Further, it aims to provide input and recommendations for the Asia Pacific Forum on Sustainable Development (APFSD) and High Level Political Forum (HLPF) scheduled to be held in 2021.

The forum had 4 sessions: (1) Resilient, inclusive and sustainable development: COVID-19 recovery and SDG implementation; (2) Sub-regional and national progress reporting on SDGs in the context of the COVID-19 crisis, VNR preparations and updates; (3) Understanding the importance of financing in the context of the COVID-19 South-East Asia recovery and the 2030 Agenda for sustainable development; and (4) Socio-cultural aspects of a South-East Asian recovery framework.

In addition to the Vice Chairman, the forum was also attended by Secretary General Bahtiar Arif, Director of Public Relations and International Cooperation Selvia Vivi Devianti, Deputy Director of International Cooperation Kusuma Ayu Rusnasanti, auditor of Audit VII Tjokorda Gde Budi Kusuma, auditor of Audit II Anisa, and team from the International Cooperation Division.

The forum was officially opened by the UN Under-Secretary General and ESCAP Executive Secretary Armida Salsiah Alisjahbana and the Secretary-General of ASEAN Dato Lim Jock Hoi. ESCAP is an agency under the United Nations that

acts as a regional hub which promotes cooperation between countries to achieve inclusive and sustainable development. Currently, UNESCAP and ASEAN are working together on the ASEAN recovery Framework project, one of UNESCAP's efforts to help Southeast Asian countries in overcoming the impacts of COVID-19 pandemic.

At this forum, BPK was the only SDG stakeholder representing Supreme Audit Institutions in Southeast Asia which had the opportunity to deliver a statement; thus, a proof of the increasing acknowledgment and recognition BPK receives. This is due to BPK's active participation and contribution in various international forums on SDGs, in addition to its SDGs audit. The forum served as a platform to externalize BPK's experience in auditing SDGs to the international community, as well as to gain insights from various stakeholders, which in turn can be internalized for the improvement of SDGs audit in BPK. ●



■ UN Under-Secretary-General and Executive Secretary ESCAP, Armida Salsiah Alisjahbana

# SAI Ghana-BPK Handover of Assignment as IMO External Auditor



SAI Ghana also shared their experiences as IMO external auditor.

**T**he Audit Board of the Republic of Indonesia (BPK) and the Supreme Audit Institution (SAI) Ghana carried out the formal handover of external audit assignments on Monday (19/10/2020). The handover meeting between SAI Ghana and BPK as an external auditor of the International Maritime Organization (IMO) was conducted virtually and facilitated by IMO management.

This Hand-Over Meeting was chaired by Vice Chairman of BPK, Agus Joko Pramono, accompanied by BPK Secretary General, Bah-tiar Arif, Director of the Public Relations and International Cooperation, Selvia Vivi De-vianti, along with IMO audit team from BPK. Meanwhile, SAI Ghana was represented by Benjamin Codjoe as Deputy-Auditor General

of SAI Ghana and Annabelle Viajar as Head of Financial Services. Also attended in the meeting, representative from IMO Administration Division, Ichard Greenwood as the Business Coordinator.

This activity was carried out based on the Letter from Chairman of BPK to the Auditor General of SAI Ghana dated April 6, 2020 regarding the request for the handover of formal assignments for external audits to BPK. This meeting was also a follow-up to the High Level Meeting between the Chairman of BPK and the Secretary General of IMO as well as the President of the World Maritime University and the Director of the International Maritime Law Institute (IMLI) which took place on September 30, 2020.

In his remarks, Vice Chairman of BPK said that, this handover was part of the Interna-

tional Standards on Audit Practices, the implementation of GUID 5090 on Acceptance of New External Audit Engagement - Hand-Over Arrangements that new auditors need to formally set a handover agenda with previous auditors to exchange useful information on matters that may not be documented.

“This meeting is designed to build good communication between the previous assignment auditor and the new assignment auditor,” he said. This meeting is also to determine the responsibilities of previous auditors, as well as reviewing the audit assurance process that has been carried out and studying the audit strategy and methodology in previous engagements.

Vice Chairman of BPK hopes that this discussion can provide further use and insight for the BPK in planning its audit assignments during the Covid-19 pandemic. In addition, the Vice Chairman of BPK expressed his appreciation for any ideas, hopes, and suggestions obtained from SAI Ghana regarding the audit that the BPK will conduct.

Meanwhile, the Deputy Auditor General of SAI Ghana responded to questions raised by the BPK through a letter from Chairman of BPK. The questions raised by BPK include discussing the strategy and methodology of the audit approach, the scope of the audit, outstanding audit matters, and the actions of SAI Ghana in dealing with findings of fraud and illegal acts. Regarding the audit approach and the strategy applied in auditing the IMO, SAI Ghana adopts a risk-based audit approach. Meanwhile, the audit methodology applied was using a combination of Financial and Compliance Audit as determined by the INTOSAI GUID 5090 Audit Standard concerning Supplementary

Guidance on the Audit of International Institutions. The audit standard states that planning and conducting a financial audit can indicate areas for performance and / or compliance audits that will be considered for ongoing or future audits, so guidelines for determining risk and materiality for compliance and / or performance audits can refer to ISSAI 3000 and ISSAI 4000.

The audit strategy was carried out by understanding the financial regulations and IMO regulations, also its environment. In addition, through understanding the objectives, operational processes, and control systems of IMO. During SAI Ghana audit review period, there were significant changes in

the form of Council Resolutions which became a concern. Meanwhile, in the initial audit planning process, SAI Ghana collaborates with the Focal Person of IMO, namely the Head of Financial Service, to request preliminary information, such as a draft financial report to complete the overall audit strategy.

Vice Chairman of BPK also conveyed another important issue, namely about information and advice regarding audit assignments in the COVID-19 pandemic. What matters affect SAI Ghana audit, and how SAI Ghana responds to the Covid-19 pandemic. In response to that, SAI Ghana explained that the field audit had been completed before the pandemic struck which resulted in a lockdown situation. Thus, audit assignments can be continued by optimizing IMO management’s assistance in obtaining required additional documents and data. SAI Ghana also suggested optimizing the use of information systems from IMO that can access data to various branches and divisions as needed. ●



**This meeting is designed to build good communication between the previous assignment auditor and the new assignment auditor.**

# BPK Shared Knowledge and Experience on Audit to CNAO



■ **BPK Director General of Planning, Evaluation and Development, Bernardus Dwita Pradana.**



■ **BPK Director of Public Relations and International Cooperation, Selvia Vivi Devianti**



■ **Deputy Auditor General CNAO, QIN Boyong**

Each delegation presented their experience and methods of using big data in COVID-19 audit.

**T**he Audit Board of the Republic of Indonesia (BPK) and the National Audit Office of China (CNAO) held a virtual bilateral seminar on Tuesday (17/11). With topics on "Using Big Data to Support the Audit Related to Covid-19 Pandemic" and "Success stories and Challenges as United Nations External Auditor", the seminar was part of the implementation of bilateral cooperation between the two institutions established since 2009.

This bilateral seminar was aimed to provide the two supreme audit institutions with useful insights and inputs to further improve auditing quality and maximize contributions of the two SAIs in international organizations. Moreover, it was also aimed to give a significant impact on enhancing cooperation as the International Organization of Supreme Audit Institutions (INTOSAI)'s motto: "Experientia Mutua Omnibus Prodest (Mutual Experience Benefits All)".

The seminar was held in two sessions. The first session discussed on the topic "Using Big Data to Support



■ **CNAO Delegation**

the Audit Related to Covid-19 Pandemic". Each delegation presented their experiences and methods of using big data in COVID-19 audit, including challenges and alternative solutions as lessons learned for the two institutions. Presenters from each side for this session were CNAO Director General for Department of Social Security Audit Wen Huayi and BPK Director General of Planning, Evaluation and Development Bernardus Dwita Pradana.

For the second session, BPK and CNAO shared experiences of success stories and challenges being external auditors for United Nations (UN) bodies. In this session, BPK was represented by Director of Public Relations and International Cooperation Selvia Vivi Devianti, while CNAO was represented by Deputy Director General Department of Fo-

reign-related Audit Liang Jing. BPK shared its experience auditing several UN bodies, while CNAO told their story of being United Nation Board of Auditor.

Attended by BPK Vice Chairman Agus Joko Pramono, he conveyed his gratitude to CNAO for facilitating this bilateral seminar as host. He also praised CNAO's commitment as partner in supporting BPK develop its institution through improving the quality of audits and contribution to international organizations.

CNAO delegation was led by CNAO Deputy Auditor General Qin Boyong, with Director General of Social Security Audit Wen Huayi, Director General Department of International Cooperation Jiang Haiying and other officials from Department of International Cooperation as member of delegates. In his remarks, CNAO Deputy Auditor General also expressed his appreciation for the longstanding cooperation with BPK and the benefits felt by both institutions.

From BPK's side, the seminar was attended by Secretary General Bah-tiar Arif, high-ranked officials, and middle-ranked officials from BPK Institute, Directorate General of Planning, Evaluation and Development, IT Bureau, and Public Relations and International Cooperation Bureau. Also attending the event were auditors of IACA, IMO and IAEA, as well as Data and Information Analysis Team for the Working Group of Covid-19 Audit. ●



■ BPK Vice Chairman Agus Joko Pramono

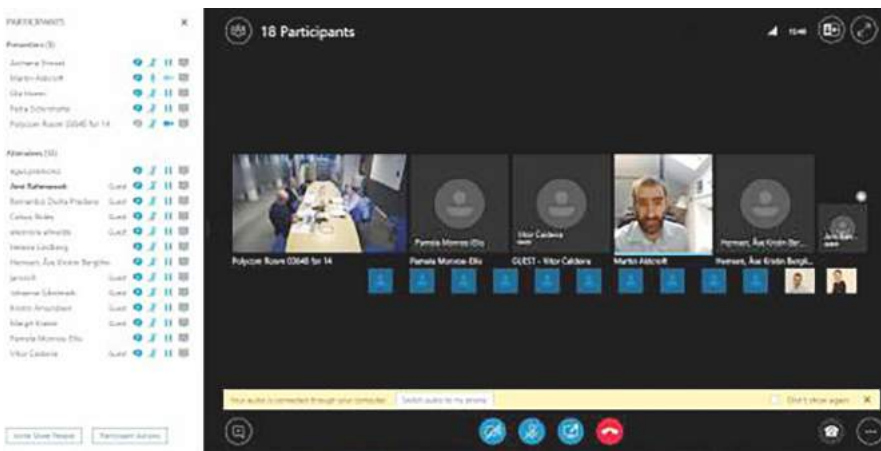


■ BPK Delegation



# BPK Vice Chairman Supports the 2021 IDI Agenda

The IDI Board Member meeting discussed the 2021 operational plan, the 2021 budget plan, the IDI implementation plan, and the appointment of IDI Board members.



■ Virtual IDI Board Meeting.

**B**PK Vice Chairman Agus Joko Pramono as a Member of the INTOSAI Development Initiative (IDI) Board attended the IDI Board Meeting which was held virtually on Wednesday (25/11). During the meeting, the Vice-Chairman of BPK expressed his appreciation for the achievements of IDI in the midst of the pandemic. He also supports the program of activities to be implemented in 2021.

The IDI Board meeting is a routine activity of the IDI Board, usually held twice a year. This meeting discussed the 2021 Operational Plan, the 2021 Budget Plan, the IDI Implementation Plan and the appointment of IDI Board members.

As regards with the operational plan for 2021, the IDI Board agreed to continue the programs approved in June 2020. The programs include

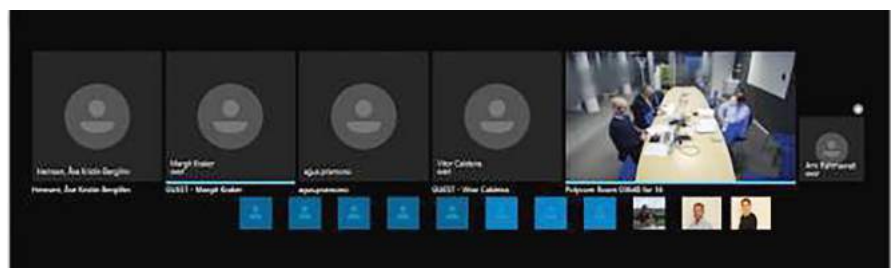
four program initiatives (TAI, IMF Partnership, 3D audits, pilot audits of the Ugandan shadow pandemic). In addition, IDI Board also agreed the five priority cross-sector programs related to Covid-19 (supporting SAIs to: prepare for the new normal, audit relevant to the new normal, enhance ICT and connectivity, leverage new technology, and communicate effectively using electronic media). Further, the IDI Board also committed to carry out activities pending in 2020. (PESA launch, Global Survey & Stocktaking,

Exploring new round of GCP Tier 2, and Financial audit support in PASAI).

For the new program to be implemented in 2021, IDI will provide long-term holistic support for SAI Gambia, including audits of the use of Covid-19 funds. This activity is the implementation of IDI bilateral support and IDI Gender Strategy.

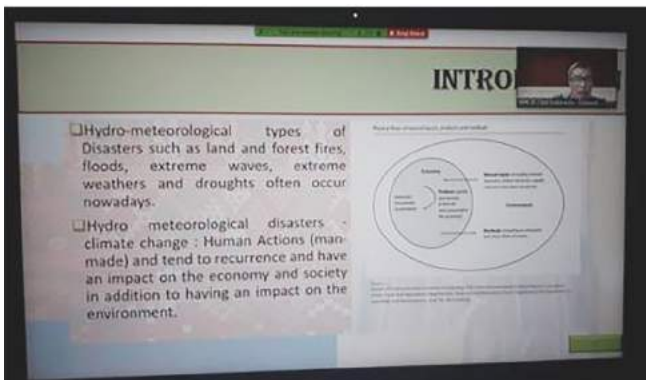
In addition to these issues, this meeting discussed the selection of IDI Board members. Ase-Kristin Hemsén and Kristin Amundsen were approved as members of the IDI Board for the second period from 1 January 2021 to 31 December 2023. Moreover, Tsakani Maluleke, Auditor General of South Africa, was also appointed as a member of IDI Board to replace Kimi Makwetu for the period of 26 November 2020 – 25 November 2023.

This virtual meeting was attended by BPK Director General of Audit Planning, Evaluation and Development (Kaditama Revbang PKN) Bernadus Dwita Pradana, and the Head of INTOSAI, ASOSAI and ASEANSAI Subdivisions of Public Relations and International Bureau of BPK. ●



■ Virtual IDI Board Meeting.

# BPK Shared Four Tips for Disaster Audit during the Seminar of WGDC



This seminar is a forum for sharing experiences in conducting disaster audits for Supreme Audit Institutions in the European Supreme Audit Institutions (EUROSAI) area.

**T**he Audit Board of the Republic of Indonesia is entrusted to share experiences on disaster audit in a seminar which is a series of the 6th meeting of the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes (WGDC). The seminar, which was held virtually on Wednesday (25/11), was a forum to share experiences in conducting disaster audit for the Supreme Audit Institution (SAI) in the European Organization of Supreme Audit Institutions (EUROSAI). In this seminar, BPK shared four tips for disaster audit.

With the theme of "Prevention of Man-Made Disasters: Three Steps in the Future", the seminar was attended by 34 participants from 14 SAIs as members of the WGDC. BPK was represented by Senior Advisor of Environment and Sustainable Development, Edward Ganda Hasiholan Simanjuntak as the speaker. In his presentation entitled "Man-Made Disasters and Their Audits - Lesson-Learned From Previous Man-Made Disaster Related Audits", Edward shared BPK's experiences related to the audit of man-made disasters in Indonesia. He explained that the audits that had been carried out by the BPK in the period of 2007-2018 were related to hydro meteorological types of disasters, such as forest fires and floods.

These types of disasters are caused by climate change and occurred or are greatly influenced by repeated human actions (man-made). Apart from having an impact on the environment, the disaster has an impact on the economy and society.

At the end of his presentation, Edward explained some lessons learned from the audit related to disasters that have been carried out by BPK, both from financial, performance, and compliance audits. The first thing to note, said Edward, auditors must have a deep understanding of the characteristics of man-made disasters, namely disasters that occur repeatedly and worsen, if the cause of the problem is not properly resolved.

The second tip, an audit strategy is needed to help the auditor observe the problem or audit material that is more strategic than just operational audit. This strategy is more focused on policy materials, which considers all to ensure that "there is no one left behind". Then, formulate added value and multiplier effect recommendation that can trigger further strategic activities or actions.

Third, Edward added, audits on man-made related disasters must focus on mitigation, data, and information. As for the fourth thing that must be considered, the audit must consider the use of certain data and technology, as well as input from experts' opinions as audit tools.

This seminar was opened by Victor Bogun as Member of the Accounting Chamber of Ukraine as a representative of SAI Ukraine which is the Chair and the WGDC Secretariat. In his remarks, Bogun emphasized the importance of this seminar in gaining knowledge and understanding of the concept of disasters and man-made disasters, as well as disaster-related audits and audit guidelines from the perspective of academics and audit practitioners.

This seminar also presented academics from the National Academy of Sciences of Ukraine who explained academic approaches to the concept of disasters and disaster prevention measures. In addition, a representative from SAI Turkey presented the evaluation of the use of ISSAI 5500 in disaster-related audits. The three speakers who attended worked together to provide an understanding of the concept of disaster: mitigation, audit, and application of ISSAI 5500 in man-made disasters related audits. ●

# BPK Strengthens the Use of Digital Media

BPK will improve the use of audit reports to promote the management of state finances in achieving the priorities of the state through an efficient communication strategy.



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

**T**he Audit Board of the Republic of Indonesia (BPK) through Public Relations and International Cooperation Bureau is committed to use digital media as an effort to optimize communication with stakeholders. This initiative was reflected by organizing an event of Socialization on the Implementation of Website Harmonization, e-PPID of Regional Offices, Digital Magazine of *Warta Pemeriksa*, and International Cooperation Portal (KSI) on Monday (5/10). This virtual event was officially opened by BPK Vice Chairman, Agus Joko Pramono.

A total of 150 participants participated in the activity, consisting of Regional Heads, structural officials in BPK Regional Offices, as well as em-

ployees or officials at the Public Relations Subdivision of BPK Regional Offices.

In his remarks, Agus said that times urges BPK to adapt with the communication and information model that should be designed and initiated by BPK as a developing organization. Thus, this socialization is expected will become a forum or a mechanism for improving the transparency of BPK's objectives.

"BPK has various stakeholders, from specific to general ones. They need to be treated specifically for each stakeholder," Agus said.

In its strategic plan, Agus said BPK aims to increase the outcomes of audits to encourage the management of state finances to achieve goals through an effective communication strategy. In order to achieve this efficient communication, BPK



■ Board Member V BPK, Bahrullah Akbar



■ Board Member VI BPK, Harry Azhar Azis



**BPK follows the current development pattern, by using digital devices which are widely used and easier to use and more real time.**

uses digital tools to ensure that information is accurate and can be communicated at the right time.

“BPK follows the current development pattern, by using digital devices which are widely used and easier to use and more real time. Therefore, digital devices are very much needed,” stated the Vice Chairman of BPK.

Meanwhile, BPK Board Member V, Bahrullah Akbar, said in his remarks that through BPK e-PPID (Online Information and Complaints Service), it is hoped that BPK Regional Offices would be able to commit themselves to constantly updating information and to speeding up the handling of public services, especially for information inquiries services.

Not only through the e-PPID, Bahrullah also asked for Warta Pemeriksa Digital Magazine to share news on the recent developments related to BPK’s audit results, which have been submitted to representative institutions. According to him, the more BPK is accessible and offers updates on actions taken, BPK can be seen by the public as an example of an institution making changes.

“By building a comprehensive electronic system that includes e-PPID and Digital Magazine of Warta Pemeriksa, BPK has certainly given an example to the auditees that BPK continues to develop and innovate,” he said.

BPK Board Member VI Harry Azhar Azis also pointed out that in this era of openness and trans-

parency of information, BPK is not only required to improve the appearance of communication channels, but must also be followed by good information. As a result, Harry encourages BPK officials, particularly those in the Regional Offices, to always be innovative, creative, and always improve the quality of public services. Harry said, “Communication between BPK and stakeholders, both in requesting information and in submitting complaints, must be made more attractive and if possible, can be done interactively.”

BPK currently has numerous information channels, such as the Central and Regional BPK websites, Information and Contact Center, e-PPID, e-mail/fax/PO BOX, BPK Social Media (Facebook, Twitter, Instagram, YouTube) and SIPADU application. BPK harmonizes with the intention of making the presence of BPK’s communication media more appealing, clear, insightful and communicative. ●



■ Bahtiar Arif



# BPK Enhances Audit Benefits for Citizen's Welfare

AKN V has started the implementation of LFAR in auditing five provincial governments.



■ Board Member V BPK, Bahrullah Akbar

**T**he Audit Board of the Republic of Indonesia (BPK) held an international webinar with a theme of “New Approach in Local Government Financial Audit Reporting with Emphasis on Certain Performance Aspects”.

These activities are carried out virtually, on Tuesday (20/10). Board Member V BPK, Bahrullah Akbar, in his remarks said that the achievement of Unqualified Opinion (WTP) by local governments is a challenge for BPK, to provide added value with the emphasis of other matters in the financial report. To provide added value to stakeholders and users of financial reports, BPK needs to develop audits of financial reports that take notice to or emphasize the performance aspects achieved by the government.

If the audit performed by BPK on financial statements provides an opinion on the fairness of the financial statements, then BPK performance audit provides conclusions on the management of the programs or activities in the perspective of economic, efficiency, and effectiveness aspects. “A comprehensive audit between the audit of financial reports and performance audit, BPK can provide a complete assessment of the aspects of the quality of financial reports and also the use of funds,” said Bahrullah.

One of the efforts is carried out through an integrated audit as outlined in the Long Form Audit Report (LFAR). This is in line with The International Standards Supreme Audit Institutions (ISSAI) 12 or now known as INTOSAI P-12, which was established by the International Organization of Supreme Audit

Institutions (INTOSAI) regarding The Value and Benefits of Supreme Audit Institutions: making a difference to the lives of citizens.

Based on this, in the future, the recommendations given by BPK related to performance audits will be measurable and targeted to improve citizens' welfare.

As a pilot project, the Directorate General of Audit (AKN) V has started the implementation of LFAR in auditing five provincial governments, namely Aceh, Lampung, Banten, East Java, and DKI Jakarta. The topic of performance audit in the five regions varies according to the conditions of each entity. The webinar featured keynote speakers from the Indonesian Accountants Association as well as accounting experts from Gajah Mada University, Mardiasmo, accounting experts from Hasanuddin University, Gagaring Pagalung, and accounting experts from Nottingham University Business School, Meryem Duygun.

In the seminar session, Mardiasmo said that academics really support the implementation of integrated audit and LFAR because it can

“A comprehensive audit between the audit of financial reports and performance audit, BPK can provide a complete assessment of the aspects of the quality of financial reports and also the use of funds.”



■ Meryem Duygun

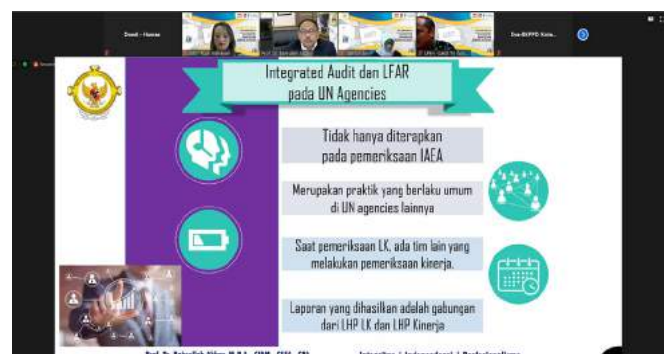


■ Mardiasmo



■ Gagaring Pagalung

provide added value to the citizens. “So, BPK does not only provide opinions but also provides what the citizen needs,” said Mardiasmo. Mardiasmo emphasized that the important role of SAI is to make changes that are beneficial to people's lives. One of the indicators felt, he said, was an increase in equity, alleviating poverty, and reducing unemployment. ●





■ BPK Vice Chairman, Agus Joko Pramono

# BPK's Portal of IHPS Supports the Implementation of SDGs

BPK IHPS (Summary of Semester Audit Reports) and LHP (Audit Reports) portals serves as a platform of digital communication development to stakeholders as a form of BPK's response during the Covid-19 pandemic. It aims to ensure that BPK maintain its effective communication with stakeholders.

**B**PK Vice Chairman Agus Joko Pramono said that BPK continues its efforts to contribute to the Sustainable Development Goals (SDGs) program in Indonesia. In addition to contribute in overseeing the SDGs through audits, BPK supports the implementation of SDGs by supporting the Green Office movement as a form of environmental responsibility of BPK.

This action is an institutional ethic for the construction of environmentally sustainable offices. This action is supported by a various activities, one of which is the less paper-based approach. In addition, since the beginning of 2020, BPK has made changes by reducing the number of IHPS physical prints from printed books to electronic documents through BPK portals of IHPS and LHP.

Agus said that with the existence of electronic records, both BPK LHP and IHPS might become warehouses for research. As a result, it will be easier for the stakeholders who would like to understand the

situation of Indonesia in one semester by making trends as described in the IHPS.

“Through BPK portals of IHPS and LHP, DPR RI can access the data in IHPS and LHP anywhere and anytime using a computer, notebook or smartphone. The development of this portal aims to comply with existing provisions and regulations as well as facilitate access by representative institutions, as well as increase BPK branding as a transparent and accountable institution,” Agus said as the keynote speaker at the Socialization of BPK Portal of IHPS and LHP with DPR RI, which conducted physically and virtually in Jakarta, Thursday (22/10).

He added that the establishment of BPK Portals of IHPS and LHP reflects the digital communication development to stakeholders as a form of BPK’s response during the Covid-19 pandemic. It aims to ensure that BPK maintain its effective communication with stakeholders.

BPK Portal of IHPS and LHP is expected will be



■ Dito Ganinduto

beneficial to increase the follow-up of BPK LHP by representative institutions through their oversight role. The portal is also expected will strengthen the collaboration and synergy of between BPK and representative institutions and serves as a single BPK LHP database. The use of BPK Portal of IHPS and LHP by representative institutions can only be made through an account registered with BPK, so that access can be maintained from a security view.

On the occasion, Agus also explained that the Supreme Audit Institution Performance Measurement Framework (SAI PMF) as a guide used by SAI around the world to assess its performance, give a mandate to SAIs to strengthen effective communication with legislative institutions. One of the methods is by increasing the legislative understanding of the roles of SAI, in this case is the role of BPK. Representative institutions knowledge on BPK’s roles can be improved by recognizing the outcomes of BPK audits for each type of audit that exists.

“BPK will prepare to obtain feedback on the results of the audit in order to implement the results of audits on state financial governance that have good quality and useful to achieve the goals of the state,” he added.

The Chair of the Commission XI DPR RI Dito Ganinduto, Secretary General of BPK Bahtiar Arif, Secretary General of DPR RI Indra Iskandar, as well as the high officials of BPK and DPR RI were present at this socialization event. ●



# BPK Board Member I Led Entry Meeting for Covid-19 Audit

Hendra hopes the Regional Police Chief and his staff are as committed as BPK in realizing accountable financial management.

**B**oard Member I of the Audit Board of the Republic of Indonesia Hendra Susanto stated that Covid-19 pandemic requires the government to take disaster emergency response and handle its effects through various policies. On doing this, risks of ineffective management and inaccuracy of Covid-related expenditure, incomplete receipt records of

grants or goods from third parties, as well as overpriced procurements persist. Risks also exist in health management programs, provision of social safety nets, and the National Economic Recovery Program (PEN). To respond to these risks, BPK undertakes its oversight, insight, and foresight roles.

“In response to the government’s effort, BPK is conducting a simultaneous thematic audit across all ministries and agencies on the handling of Covid-19 pandemic,” Hendra said in his remarks during the Performance Audit Entry Meeting of Covid-19 with the Indonesian National Police (Polri) at the Central Java Regional Police Headquarter in Semarang, Thursday (22/10).



■ BPK Board Member I Hendra Susanto attended the Entry Meeting of Performance Audit on Covid-19 Handling of the National Police at Central Java Regional Police Headquarter in Semarang.



- BPK Board Member I Hendra Susanto conveyed a remark on the entry meeting on Covid-19 handling audit of the Organization Unit of the Indonesian Army (UO TNI AD) at the Military Area Command (Kodam) III/ Siliwangi, Bandung.



- BPK Board Member I Hendra Susanto in the performance audit entry meeting on Covid-19 handling and capital expenditure of the National Police at West Java Regional Police Headquarter, Bandung.

Hendra added that the audit will exert a comprehensive audit approach (or combination of three types of audits) by assessing all policies, funding, allocations, and activities related to Covid-19 handling done by the government. The audit will target aspects of planning, implementation, monitoring, and evaluation of governance in budget support, other sources (regulations, personnel, infrastructure) and operational. Samples selected for this performance audit are the Regional Police force and precinct police units under the Central Java Regional Police.

Concluding his remarks, Hendra hopes the Regional Police Chief and his staff are as committed as BPK in realizing accountable financial management. He emphasized that accountability is not only the

obligation of state financial managers, but is also a culture that must be built. The entry meeting was attended by the Inspector General of the National Police Komjen Pol Agung Budi Maryoto and the Regional Chief Irjen Pol Ahmad Luthfi. Also present were Deputy Regional Chief and officials of Central Java Regional Police force, Director General of Audit I Novy GA Pelenkahu, Head of BPK Representative Office in Central Java Province Ayub Amali, and BPK audit team.

On another occasion, an entry meeting was also held with the Organization Unit of the Indonesian Army at the

”

In response to the government's effort, BPK is conducting a simultaneous thematic audit across all ministries and agencies on the handling of Covid-19 pandemic.

Military Area Command (Kodam) III/ Siliwangi in Bandung, on Monday (2/11). The event was attended by Commander III/ Siliwangi Mayjend TNI Nugroho Budi Wiryanto, Chief Staff III/Siliwangi Brigjen TNI Kunto Arief Wibowo, and other officials.

On this occasion, Hendra explained that Makodam (Military Command Headquarters), Kesdam (Command Health Units), and Dustira Hospital are the samples selected

for the audit of Covid-19 handling.

On the next day, Tuesday (3/11), BPK Board Member I held an initial briefing on the performance audit of Covid-19 handling and capital expenditure on the Indonesian National Police at West Java Province Regional Police Headquarter in Bandung. Units being audit samples are the Regional Police and precinct police units in West Java. Inspector General of the National Police Komjen Pol Agung Budi Maryoto ordered all staff of West Java Regional Police to prepare all documents required for the audit.

“During BPK's audit, all working units in Regional Police and precinct police should work together in preparing all necessary documents, so the audit can run smoothly,” he instructed. ●

# BPK Audits the Handling of Covid-19 Managed by The Ministry of Education and Culture (Kemendikbud) and University of Indonesia (UI)

The Audit Board of the Republic of Indonesia (BPK) makes every effort to ensure that the audit process does not interfere, delay or hinder the government's emergency response in handling Covid-19.



**B**PK Board Member VI Harry Azhar Azis held an entry meeting or initial briefing with the Ministry of Education and Culture (Kemendikbud), the University of Indonesia (UI) and other related agencies. The entry meeting, which took place at the Auditorium of BPK's Head Office in Jakarta, on Tuesday (10/11), was a preliminary audit of the management and accountability of state finances for the handling of Covid-19 pandemic managed by Kemendikbud, UI and other related institutions. In addition, the initial briefing was also held for an interim audit of the Ministry of Education and Culture's financial reports for the 2020 fiscal year.



In this audit, BPK plays an oversight role in the Covid-19 pandemic handling program which is important to ensure that the steps taken by the government have met the principles of good governance.

Harry explained in his remarks that the audit of the management and accountability of state finances in the management of the Covid-19 pandemic was comprehensive. This means that the audit includes an assessment of the financial, compliance and performance aspects involving various entities, namely central and regional governments and other institutions involved in the handling of Covid-19. The main purpose of this audit is to determine the effectiveness, transparency, accountability and compliance with the management and accountability of state finances in the emergency situation of the Covid-19 pandemic.

"BPK as a mature audit institution is expected to play an oversight, insight, and foresight role. Therefore, to realize a development program that meets the principles of good governance, it is more likely to be carried out if the audit is implemented while

the development program process is running," said Harry.

He explained that handling the Covid-19 pandemic requires the government to act quickly. Under this condition, the BPK fulfills the role of insight by providing recommendations to the Government to make improvements during the development process. This allows the government to quickly resolve the problems and weaknesses it has identified before they affect the overall success of program. With the audits carried out, BPK can provide added value to community by encouraging the implementation of development programs that are economical, efficient, effective, transparent and accountable.

Harry added that in the emergency response to the Covid-19 pandemic, procedures have often been simplified, supervision relaxed, and economic aspects sidelined. This raises a number of risks, such as non-compliance, fraud, inefficiency and inefficiency in the management of state finances and community assistance.

"In this audit, BPK plays an oversight role in the Covid-19 pandemic handling program which is important to ensure that the steps taken by the government have met the principles of good governance," he added.

In addition to providing significant potential benefits, Harry acknowledged that audits during program implementation were also at risk of disrupting program implementation. It is therefore important for the BPK to determine the appropriate audit strategy to ensure that the audit process as minimum as disturbs, slows down or hinders the government's emergency response in handling Covid-19.

"I hope that this BPK audit can provide significant added value for the community and government. This audit is a great opportunity for BPK to demonstrate its role in development as a form of accountability to society," he concluded.

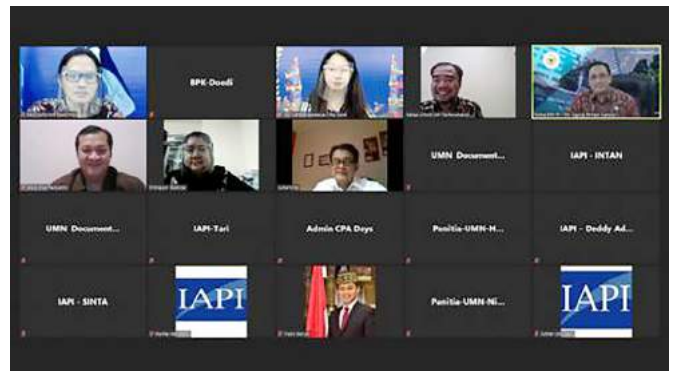
The entry meeting activity was also attended by BPK Director-General of Audit VI Dori Santosa, Secretary-General of the Ministry of Education and Culture Ainun Na'im, Rector of the Indonesian Education University M Solehuddin, Rector of the Open University Ojat Darajat, Vice Rector of the University of Indonesia Vita Silvira, BPK Director of Audit VI Ida Irawati, and BPK audit team. ●

# Chairman: Role of Accountant on Accountability

Chairman of BPK hopes that accountability will become a culture and values that live in every level of society.



■ Chairman of BPK, Agung Firman Sampurna



■ The CPA Days webinar

Chairman of the Audit Board of the Republic of Indonesia (BPK), Agung Firman Sampurna, was the speaker at the CPA Days 2020 webinar held by the Indonesian Institute of Public Accountants (IAPI), Wednesday (04/11). On that occasion, Agung hopes that CPA Days 2020 activity could be a wake-up call for the accountant profession and all stakeholders for their contribution to transparency and accountability of national financial and economic governance, both in the private and public sectors. He added that in the midst of a health crisis situation due to the Covid-19 pandemic and its impact on global economic conditions, all parties are required to become professionals by doing extraordinary things.

"We are all also required to increase synergy and collaboration in overcoming the problems of the nation at this time, as well as strengthening ourselves to be an advanced and competitive nation in facing the new

normal order after the Covid-19 pandemic," said Agung. Agung also appreciated the CPA Days 2020 activity. He said this activity was in line with the BPK tagline, namely Accountability for All, which encourages accountability not merely as a character that seems to only burden state financial managers or financial managers in general. Accountability, said Agung, is the commitment and ability to do things in an accountable manner. "And this should be a culture and values that live in every level of society in a broad sense."

In the context of the academic community, accountability has a deeper meaning. The academic community is not only obliged to apply the Tri Dharma of Higher Education, namely education, teaching and research, as well as community service, but also must be able to become agents of change, become standard moral values in a country.

At this webinar, Agung also emphasized that the role of the public accountant profession as a trusted professional must continue to be instilled from an

early age in accounting students and continue to be nurtured throughout their careers as accountants and public accountants. This is important to emphasize because the role and expectations of the public accounting profession are increasing. The challenges faced are getting tougher.

"The role as a trusted professional is increasingly finding its relevance amid our concern over the financial cases that have occurred and the challenges ahead in bringing Indonesia towards a new normal and globalization of the public accounting profession," said Agung.

CPA Days 2020 is a competition for accounting and auditing, webinars, and various competitions open for public. This activity aims to disseminate the duties and roles of IAPI as an institution authorized by the government as the provider of professional public accounting exams, continuous professional education, auditing standard setting, and quality control of public accountants and public accounting firms. ●



■ BPK Board Member I, Hendra Susanto

# BPK Maps 4 Risks in Handling Covid-19 Pandemic

To respond to potential risks in handling Covid-19, BPK carries out its oversight, insight and foresight roles to the Executive, Legislative, and the public.

**T**he Audit Board of the Republic of Indonesia (BPK) conducts a comprehensive audit on Covid-19 Handling. Based on the initial assessment, there are four potential risks in handling Covid-19 pandemic.

BPK Board Member I Hendra Susanto said, the four risks are strategic risk, compliance risk, moral hazards and fraud risk, and operational risk. This was conveyed in the Webinar for Audit on Covid-19 Handling held by BPK Institute of State Financial Audit on Thursday (12/11).

With the theme of "Legal Aspects and Account-

ability in Crisis and Its Implementation in Covid-19 Handling", the webinar aimed to gain understanding of strategies and policies taken by the government and their implementation. Specifically on the effort to save the nation and country, the webinar focused its discussion on the legal aspects and accountability which affects the prosperity and development of nation and state in facing Covid-19 pandemic.

With regards to the four risks in handling Covid-19, Hendra explained that strategic risk is associated with the risk of not achieving policy objectives. While compliance risk is the risk of violating regulations that could lead to legal risks.

Moral hazards and fraud risk refers to abuse of authority and fraud in implementing policies that could lead to state financial loss. Lastly, operational risk relates to constraints in implementing policies in practice. "These risks could be the result of complexity of activities, wide range of control, central-local line of coordination, data validity, and so many new regulations required to be in effect in such short period," Hendra further explained.

He elucidated, these risks must be mitigated by good internal control. Additionally, mitigation need to be supervised by internal and external parties to ensure transparency, accountability and effectiveness of government policies in handling the pandemic.

To respond to potential risks in handling Covid-19, BPK carries out its oversight, insight and foresight roles to the Executive, Legislative, and the public. BPK conducts risks mitigation, identifies criteria and alternative audit procedures, monitors policies and implementation, as well as monitors source and disbursement of funds for handling Covid-19," he elaborated.

Adding to his previous statement, Hendra explained that the objective of BPK's comprehensive audit is to ascertain transparency and accountability in Covid-19 handling. To prepare for the audit, BPK has conducted workshops, webinars, established audit



■ Commissioner of KPK, Firli Bahuri



■ Chairman of BPKP, Muhammad Yusuf Ateh



■ Blucer Wellington Rajagukguk

working group, gathered data and information, as well as carried out interim audit.

He emphasized, the State Financial Audit Standard stipulates that auditors need to obtain a clear understanding of the audited entity and the subject matter being audited. This will later be needed to identify problems, determine materiality, risks, types and sources of evidence.

"Besides, auditors should possess sufficient expertise in order to perform an audit properly, especially in Covid-19 conditions where normal procedures cannot be fully implemented," BPK Board Member I stressed.

During the webinar, Hendra stated that BPK has requested auditors to consider emergency conditions surrounding the Covid-19 handling by the government. So auditors can assess the handling activities in a clear and fair view, to avoid the blame game.

Through its insight and foresight approach, BPK will provide support in the form of ideas, suggestions and recommendation for a better implementation of Covid-19 handling by the government. "I hope this webinar could set forth a good framework for auditors to plan and implement their audit works. So that assessment of activities/expenditures, problem identification and causes, as well as formulation of recommendation or BPK opinion can support the government in handling Covid-19 pandemic," he concluded.

In addition to Board Member I, the webinar also invited other prominent speakers, including Commissioner of the Corruption Eradication Commission (KPK) Firli Bahuri, Chairman of the National Government Internal Auditor (BPKP) Muhammad Yusuf Ateh, Chair of the National Public Procurement Agency (LKPP) Roni Dwi Susanto and General Secretary of the National Disaster Management Agency (BNPB) Harmensyah. Moderated by BPK Director General of Legal Affairs Blucer Wellington Rajagukguk, the webinar was attended by more than 650 participants, including high and middle-ranked officials, administrators and auditors in BPK. ●

# BPK and Parliament: Budget Independency

Indeed, the law have provided room for BPK to act independently in formulating the budget, by discussing it with DPR and submit it to the government.



■ BPK Chairman, Agung Firman Sampurna

The Audit Board of the Republic of Indonesia (BPK) held a focus group discussion (FGD) attended by BPK top officials and members of Commission XI of the Indonesian House of Representatives (DPR) virtually, (17/11). The FGD with the topic "Implementing the Independence of BPK RI Budget" was opened by BPK Chairman, Agung Firman Sampurna and the Deputy Chairman of Commission XI DPR RI Fathan Subchi.

BPK Chairman in the FGD says that the issue of budgetary independence is an impor-

tant one that often emerges in the recommendations given to the BPK. These recommendations are the result of peer reviews or peer reviews audit conducted every five years by the Supreme Audit Institution (SAI) of other countries.

"BPK is considered not yet independent in terms of budget because it still has to depend on the executive rather than the legislature. In fact, budget independence is very important in supporting the independence of BPK in carrying out its audit function," said the Chairman of BPK.



BPK is considered not yet independent in terms of budget because it still has to depend on the executive rather than the legislature. In fact, budget independence is very important in supporting the independence of BPK in carrying out its audit function



■ BPK Vice-Chairman, Agus Joko Pramono

BPK Chairman revealed that the peer review of BPK carried out by SAI of Poland, SAI of Norway and SAI of Estonia in 2019 recommended that BPK should take steps with the government to open a dialog to implement BPK’s budgetary independence.

“On that basis, BPK is striving to have independence in terms of budgets through the preparation and improvement of BPK Strategic Plan 2020-2024,” he explained. According to BPK Chairman, budget independence will improve organizational governance through continuous improvement of audit and institutional performance.

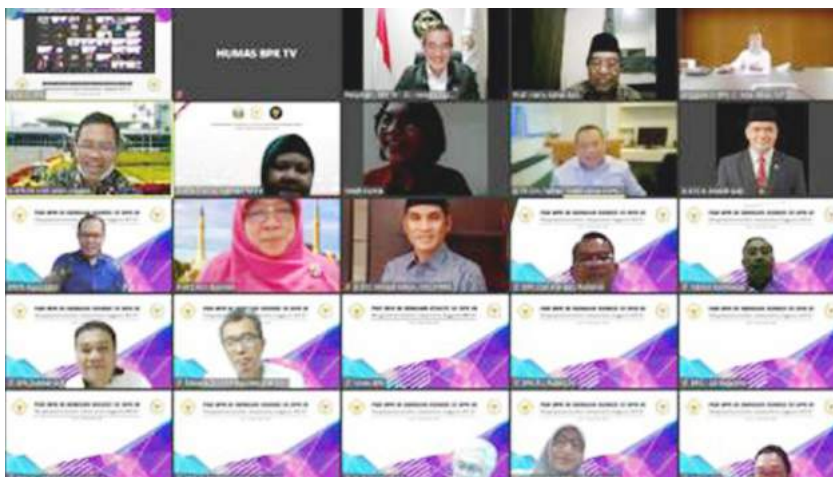
Meanwhile, BPK Vice-Chairman Agus Joko Pramono says in his presentation that the law actually have provided room for

BPK to act independently in the budget formulation, by discussing it with DPR and then to convey it to government. In practice, however, the planning and budgeting processes of BPK are similar or not at all different from those of other government ministries/agencies for planning and budgeting.

“BPK is considered part of the state ministries/other institutions, even though the BPK is a state institution that is different from the ministry. This is because BPK does not regularly discuss it in board meetings, as BPK is not part of the government,” he said.

This FGD was also attended by BPK Board Member I Hendra Susanto, BPK Board Member II Pius Lustrilanang, BPK Board Member III Achsanul Qosasi, BPK Board Member IV Isma Yatun, BPK Board Member V Bahrullah Akbar, BPK Board Member VI Harry Azhar Azis and BPK Board Member VII Daniel Lumban Tobing.

By organizing the FGD, BPK expected to have initial feedback from Commission XI DPR RI on the challenges of BPK’s independence in the budget sector. In addition, BPK also expected to receive support in its efforts to achieve budget independence by issuing a BPK Regulation on BPK Planning and Budgeting as a quick win in order to strengthen the independence of BPK budget. ●



# BPK Encourages Orderly Administrative Village Apparatus



■ Board Member V BPK, Bahrullah Akbar

To optimize the audit of village funds, BPK will use the results of APIP supervision, namely the Indonesia's National Government Internal Auditor (BPKP) and the Inspectorate as initial information in planning audit activities.

**B**oard Member V BPK, Bahrullah Akbar, encourages village apparatus to continue improving the administrative capacity and order of village financial management. Bahrullah emphasized that all village financial management activities must be recorded and supported by complete and valid evidence. Bahrullah delivered the message in the "Socialization of the Roles, Duties, and Functions of BPK and DPR in Supervision of Village Fund Management", held in Medan, Thursday (19/11). The event was attended by the Governor of North Sumatra Edy Rahmayadi, and attended by Heads of Local Government's Apparatus Organizations (OPD), sub-district heads, and village heads in Simalungun Regency. "Let us begin to improve the culture of recording and being accountable for every financial activity as a form of mandate to the community," said Bahrullah.

Bahrullah reminded that BPK, in accordance with the duties and authorities mandated by law, will continue to oversee, so that the management and accountability of village finances is carried out in accordance with the provisions of the applicable laws and regulations. Moreover, the village

fund budget through the State Budget (APBN) continues to increase every year. Therefore, BPK is obliged to ensure that the distribution of village funds can be carried out in a timely, economical, efficient and effective manner.

"BPK, which is in charge of overseeing state assets, is obliged to ensure that the distribution of village funds can actually be carried out in a timely, economical, efficient, and effective manner in achieving the targets of the 2020-2024 National Medium Term Development Plan (RPJMN) that have been set by the government," said Bahrullah.

To optimize the audit of village funds, said Bahrullah, BPK will use the results of supervision by the Government Internal Supervisory Apparatus (APIP), namely the Indonesia's National Government Internal Auditor (BPKP) and the Inspectorate as initial information in planning audit activities.

This event was held to actively encourage the realization of transparency and accountability in the management of village funds throughout Indonesia, especially in Simalungun Regency. The speakers presented at this event were Member of Commission XI DPR, Rudi Hartono Bangun, Director General of Audit V BPK, Akhsanul Khaq, and Deputy Commissioner of the Corruption Eradication Commission (KPK) for the period of 2015-2019, Thony Saut Situmorang.

Also attending the event, the Head of BPK Regional Office for North Sumatra Province, Eydu Oktain Panjaitan, the Regent of Simalungun, Jopinus Ramli Saragih, and the Head of Regional Parliament (DPRD) Simalungun Regency, as well as executives within the BPK. ●



■ Board Member V BPK with Governor of North Sumatra.

# BPK Strengthens Its Audit with Big Data Analysis



■ Pimpinan dan para Pejabat Eselon I dalam Pembukaan Raker BPK.

BPK will continue to increase its role from oversight and insight to foresight in the 2020-2024 Strategic Plan.

**T**he Audit Board of the Republic of Indonesia (BPK) held a Working Meeting (Raker) for 2020. The meeting carried the theme "Achieving a Resilient and Reliable BPK in Facing New Challenges". This meeting was carried out in a limited face to face meeting as well as virtually for two days on 7-8 December 2020.

In his remarks at the opening of the meeting, BPK Chairman Agung Firman Sampurna

encouraged BPK employees to continue working together and collaborate to prioritize audit strategic activities with the support of BPK institutions in an integrated manner, to harmonize and match perceptions of strategic issues. He also hoped that BPK would work together to eliminate paradigm barriers to thinking and act as silos by optimizing the use of Information and Communication Technology as a platform for large-scale, data-based business processes.



■ BPK Chairman, Agung Firman Sampurna

”

The universe audit allows BPK to see more comprehensively on government's handling of the pandemic.

According to Agung, BPK, as an institution that uses data and information intensively in auditing state finances, needs to gradually take advantage of digital technology and big data.

“We must continue to bring BPK to be a modern, world-class organization, and always use data as the basis for decision making. In the past, the e-Audit program was used for the first time for financial reports audit, now the concept of Big Data Analytics has begun to be applied to audit on the handling of Covid-19,” said Agung.

Agung said that the use of big data is expected to increase the efficiency and effectiveness of the Covid-19 data analysis. The Big Data Analysis approach has been designed with a knowledge pyramid approach consisting of three layers of information, namely the operational layer supported by the SiAP application and the Covid Portal, the consolidation layer supported by the Covid Portal, and the analytics layer presented in the form of the Covid Intelligence Dashboard.

The SiAP application was used by 1,857 auditors out of 526 audit teams in 208 central and local government entities. The budgetary value identified for the universe audit up to 30 September 2020 was 1,036.57 trillion IDR.

“The universe audit allows BPK to see more comprehensively on government's handling of the pandemic,” Agung said. He said that the initia-

tive of the use of large data analytics did not stop at the Covid-19 audit, but would continue to be replicated and applied to other audits. “Thus, in the 2020-2024 Strategic Plan period, BPK already set to have a State Financial Audit Data Analysis Center,” said Agung.

BPK has also launched the BPK strategic plan for 2020-2024 on this occasion. During the strategic planning period, Agung stressed that BPK would continue to enhance the role of oversight and insight into foresight. “So that the presence of BPK can be increasingly felt by the stakeholders as it provides added value and benefits to the nation and state in accordance with the INTO-SAI Principle 12,” he said.

BPK Vice-Chairman Agus Joko Pramono said that the 2020 BPK Working Meeting is very important as a means of reflecting and evaluating performance achievements in 2020, particularly in this pandemic situation. Agus said that the Raker momentum could be used as a suggestion to identify and agree on strategic audit and institutional activities to prepare an audit work plan for 2021 and beyond.

“BPK officials need to pay attention to the strategies set out in BPK Strategic Plan as a strategic living document that must be updated with dynamic changes every year,” said Agus.

Meanwhile, with regard to the use of big data analytics, Agus explained that this effort was an effort to improve the audit quality in a strategic, anticipatory and responsive manner. This strategy has begun in 2020 with the application of big data analytics to Covid-19 audit.

“We are trying to capture the existing baseline in 2020 and build a sufficient database,” he said. Lastly, Agus said, BPK will become a data-based organization by becoming the Center for State Financial Analysis. ●



■ BPK Vice-Chairman, Agus Joko Pramono

# BPK and Parliament: Audit Result of Local Government

BPK hopes Committee IV of DPD as part of DPD can utilize BPK's audit results of the Local Government Financial Reports in accordance with their duties and functions.

**C**ommittee IV of the House of Regional Representatives (DPD) paid a working visit to BPK Representative Office of Yogyakarta Province on Monday (23/11). During the visit, BPK and Committee IV of DPD discussed the results of BPK's audit in the first semester of 2020 concerning regional/local governments.

Led by BPK Vice Chairman Agus Joko Pramono, the meeting scrutinized the Regional Government Financial Reports from the perspectives of financial audit, performance audit perspective, and special purpose audit. BPK Vice Chairman acknowledged how Yogyakarta Provincial Government has improved their quality in managing regional finance, shown by the audit opinions received.

"The unqualified audit opinion (WTP) achieved has been followed by efforts to increase the quality of regional financial management. It's



reflected in a significant decrease in the number of audit findings," said BPK Vice Chairman.

He further conveyed several results regarding regional financial management from BPK's audits in Semester I of 2020. Moreover, he informed the follow-ups of recommendations to findings given to local governments listed in Summary of Audit Results for Semester (IHPS) I of 2020.

Lastly, he also briefed on matters related to the monitoring of state/regional loss settlement to local governments based on IHPS I of 2020. By holding this work visit, BPK hopes Committee IV of DPD as part of DPD can utilize BPK's audit results of the Regional Government Financial Reports in accordance with their duties and functions.

In addition to BPK Vice Chairman, DPD's work visit was attended by BPK Head of Representative Office in Yogyakarta Province Jariyatna and other officials. While from DPD's side, Chair of Committee IV Sukiryanto, Deputy Chair of Committee IV Chasytha A Kathmandu, DPD-Yogyakarta member Cholid Mahmud, and other DPD-members from other provinces were present. ●





October 1, 2020

BPK Chairman Agung Firman Sampurna having discussion with the Chairperson of People's Consultative Assembly (MPR) Bambang Soesatyo and Chairperson of the House of Regional Representatives (DPD) La Nyalla Mattalitti at the 16th Anniversary of DPD.

September 30, 2020

Coordination meeting between BPK and Indonesia's National Government Internal Auditor (BKP) attended by BPK Board Member III Achsanul Qosasi, BPK Board Member V Bahrullah Akbar, and BPK Board Member VII Daniel Lumban Tobing.



September 24, 2020

BPK Board Member V Bahrullah Akbar opened the Coordination Meeting of the Working Group on Thematic Audit in Yogyakarta.



September 29, 2020

Inauguration of six Director Generals of BPK, officiated by BPK Chairman Agung Firman Sampurna in BPK Auditorium. The event was attended by Board Member I Hendra Susanto and Board Member IV Isma Yatun. Vice Chairman Agus Joko Pramono, Board Member II Pius Lustrilanang and Board Member V Bahrullah Akbar also attended via video conference.



## September, 28 & October 5, 2020

BPK Chairman Agung Firman Sampurna, Vice Chairman Agus Joko Pramono, Board Member I Hendra Susanto, Board Member II Pius Lustrilanang, Board Member III Achsanul Qosasi, Board Member IV Isma Yatun, Board Member V Bahrullah Akbar, Board Member VI Harry Azhar Azis and Board Member VII Daniel Lumban Tobing underwent a Forensic Exam for a certification in forensic auditing.





October 12, 2020

Workshop on Legal Documentation and Information Network (JDIH) was attended by BPK Vice Chairman Agus Joko Pramono.



October 14, 2020

Entry meeting of the performance audit on COVID-19 handling at the Indonesian National Police in Regional Police of South Sumatra was attended by BPK Board Member 1 Hendra Susanto.

October 23, 2020

Leadership handover of Jogja Regional Office was attended by BPK Board Member V Bahrullah Akbar.



October 7, 2020

Leadership handover of Directorate General of Planning, Evaluation and Development.



October 8, 2020

Courtesy call between BPK Board Member V Bahrullah Akbar and Hajj Financial Management (BPKH).

October 26,  
2020

The inauguration of the IPKN Committee for DKI Jakarta and Kalimantan Region was attended by BPK Vice Chairman, Agus Joko Pramono and BPK Board Member V, Bahrullah Akbar.



November 4, 2020

Courtesy Call from the Inspectorate General of Indonesian Navy to BPK Board Member I, Hendra Susanto at BPK's Head Office in Jakarta.



October 27, 2020

Courtesy Call from the Chairman of Indonesia Deposit Insurance Corporation (IDIC/Lembaga Penjamin Simpanan (LPS)) to BPK Board Member II, Pius Lustrilantang at BPK's Head Office in Jakarta.

October 10, 2020

The handover position of the Head of BPK Representative Office for Banten Province was attended by BPK Board Member V, Bahrullah Akbar.



November 9, 2020

The handover position of the Head of BPK Representative Office for Lampung Province was attended by BPK Board Member V, Bahrullah Akbar.

## December 4, 2020

Chairman of BPK, Agung Firman Sampurna, attends the ASN Palembang Award, Palembang City, at the Hotel Sultan Palembang.



## November 30, 2020

Chairman of BPK, Agung Firman Sampurna, accepts the honorary award CGCAE (recognition programme) symbolically given by Head of BPKP, Muhammad Yusuf Ateh.



## November 27, 2020

Board Member V, Bahrullah Akbar, delivers speech and opens the Coordination Meeting of Audit Unit V.

## November 23, 2020

Board Member VI, Harry Azhar Aziz, delivers remarks at the inauguration ceremony of Head of BPK Regional Office, West Kalimantan Province.



## December 2, 2020

Board Member V, Bahrullah Akbar, becomes a speaker at the National Seminar on Akuntabilitas untuk Semua, in the ballroom of Kampus Institut Pemerintahan Dalam Negeri (IPDN) Cilandak, Jakarta.



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



**BPK RI Official**



**[www.bpk.go.id](http://www.bpk.go.id)**



**@bpkriofficial**



**@bpkri**



**08111907010**

BPK provides  
some communication channels  
as a commitment to promote  
accountability and information  
disclosure to engage communication  
with stakeholders.

