

Dear Colleagues,
Ladies and Gentlemen,

Good afternoon,

Yesterday we had a one day fruitful discussion in Banda Aceh on the topic of accountability in the management of the tsunami related international aid between 2004-2009. We had useful exchanges of thoughts and comparing notes between local governments, BRR as the representative of central government in tsunami affected area in both Aceh and Nias, the field auditors and members of the BPK's Advisory Board on the Tsunami-Related Audit.

I believe there are numbers of lessons which can be learnt from Aceh and to be handed over to the INTOSAI Working Group on Accountability for and Audit of Disaster Related Aid (AADA). The first lesson is that the experience of Aceh can be useful to audit financial accountability in managing funds related to natural disasters as well as man made disasters including military conflict. As we recall, Aceh was not only hit by a powerful tsunami on December 26, 2004. It was also a conflict area that had been in a war for more than 3 decades due to the rebellion of the Aceh Free Movement (AFM). The civil war destroyed the social, economic and government infrastructures in that region.

The second lesson is the open door policy of the Indonesian government to cope with the disaster. The open policy was adopted simply because of humanitarian reason and limited capacity to cope with the problem. The policy welcomes everybody to offer helping hands, to bring in and directly deliver their assistance to the needy without government interference. During the emergency phase, the government allowed foreign troops to bring in their military hardware to clear debris and deliver assistances. There is no restriction on international NGOs to operate in the affected areas during both the emergency and reconstruction stages.

The government of Indonesia used the catastrophe as a catalyst to restore peace and stability in Aceh. Trust with the rebels was rebuilt by treating them equally. The open door policy also served to rebuild confidence of international community. Peace agreement with Aceh Free Movement (AFM) was signed in Helsinki in August 2005. Elected in free election, the present Governor and Vice Governor of Aceh were former members of AFM.

To gain heart and mind of the former rebels, some of the international funds for tsunami have been diverted to non-affected regency. At the end, the funds earmarked for reconstruction and rebuilding of the tsunami hit areas have been used as well for rebuilding the whole Aceh provinces, including Aceh Tengah and Aceh Tenggara Regencies up in the mountainous region, inland, far away from the tsunami.

The third lesson is the channeling of international assistance through Multi Donor Trust Funds (MDTF) of the World Bank which serves many purposes. First, coordination of donors in the MDTF saves time and energy in the negotiation process among donors and recipient countries. Second, MDTF avoids unnecessary duplication and gap in identifying and implementing projects. Third, it magnifies the assistances. Fourth, channeling some of the MDTF through state budget of recipient countries allows local SAI to audit the funds.

The fourth lesson is the formation of a super body like the BRR (the Board for the Rehabilitation and Reconstruction of Aceh/Nias) is very helpful for coordination of the reconstruction efforts by both national and local governments, foreign aid agencies and local as well international NGOs. The super body is particularly important when the local government is relatively weak to cope with the massive disaster. Aside from coordinating the rebuilding efforts, the super body also serves as an intermediary between local governments of the affected area with the central government and foreign donors.

Nevertheless, the organization of such super body needs to be improved to strengthen planning, execution and control as well as administration of assets and donations received from donors.

Dear colleagues,

From the discussion yesterday, there are other several common issues that need to be considered regarding disaster management and its audit.

Firstly, after the termination of BRR, the lessons learned, the knowledge and expertise from BRR during managing disaster funds should be transferred to the Central government or the National Disaster Management Agency. It is the role of BPK to give recommendations to manage the knowledge obtained from BRR and apply it to National Disaster Management Agency as necessary.

Secondly, there are some similarities of audit findings from different countries regarding the audit on disaster related aid such as the lack of transparency of managing disaster fund, poor administration and accountability, the lack of sustainability of transferred assets, and inappropriate distribution of disaster aid as well as unused donation goods. Whether or not the audit is related to disaster, auditors still shared the same tasks, which are identifying audit risks, meeting audit expectations while upholding audit standards and managing limited resources.

Thirdly, BPK should not limit its capacity by conducting audits only on relief and recovery phase of disaster, but also the preparedness and mitigation which are part of disaster management cycles. In addition, the termination of BRR should not stop BPK from carrying out audits of tsunami related aid in Aceh since there are some more issues to be followed up.

In the discussion yesterday, it was revealed that coordination between external and internal auditors should be enhanced to reduce gaps of accountability. In order to enhance coordination between internal and external auditors, SAIs should also participate in building capacity of the internal auditors so they can rely on internal auditors' reports.

Finally, it is believed that the cooperation among the former members of the Advisory Board should be extended in different ways, not necessarily under the INTOSAI or other formal organization but rather in more flexible ways, for instances in the form of bilateral cooperation, Focus Group Discussion, capacity building in training and secondment, solution exchange mail list, UN external auditors projects, etc.

Dear colleagues,

As I mentioned yesterday in my speech in Banda Aceh, this is the time to put an end to the BPK's Advisory Board. As we witnessed yesterday the reconstruction of Aceh is progressing fast and the activities of BRR have been handed over to line ministries, agencies, and local governments. The remaining construction of the tsunami affected areas will be continued through the normal development.

As I also said yesterday, we greatly value the contribution of all the Advisory Board members to upgrade our audit capacity and to share information regarding the transparency and accountability of disaster-related fund. For example, our auditors involved in joint audit with the French Audit Agency (*Cour des Comptes*) in conflict areas, such as Congo, Eritrea and Kosovo. The experiences of our auditors in auditing such man-made disasters are very useful in auditing Aceh.

BPK also receives assistances from Mr. David Walker the former Auditor General of the US GAO to draw and implement a strategic plan and to do investigative audit. The GAO also invites some of auditors to have in house training.

In addition, in the last three years, Mr. Ian McPhee, the Auditor General of Australia, has been helping us a lot to develop performance audit, to strengthen methodology of financial audit, to train our auditors and to help convince our Parliament to establish a Public Accountability Committee that can be used to strengthen their control and supervision on public finance. Two years ago, I invited Dr. Paul Nicoll of ANAO to give a speech before the meeting of Provincial Parliaments of Indonesia.

Furthermore, Madame Saskia Stuiveling of ARK of the Netherlands, along with Mr. David Walker and Mr. Ian McPhee, are my intellectual gurus in auditing. ARK also sent advisors to help BPK's reform and to introduce the use of satellite images remote sensing and geographical information systems in auditing.

Dear colleagues,

Tonight we are all invited to a dinner at the garden of the Presidential Palace, the former palace for the Governor General during the colonial past. At the dinner, you will have a chance to enjoy a variety of Indonesian foods.

For those of you who are leaving tomorrow, I wish you a nice trip back home. For those of you who will take vacation in different parts of Indonesia, I hope you enjoy the beauty of our country and its culture. As you have seen and experienced the heavy traffic the last night in Aceh, Indonesia is still a peaceful country. Judging from our track record, we have both the will and capacity to combat terrorism.

Thank you.