

# WARTA

EDITION 3 ■ VOL. II ■ 2021

# PEMERIKSA

*English Version*



BADAN PEMERIKSA KEUANGAN  
REPUBLIK INDONESIA



2021

SILVER WINNER  
PRIA AWARD  
2021

# IHPS II

## SUMMARY OF AUDIT REPORT SEMESTER 2 2020

**4**

BPK Highlight Covid-19  
Vaccination Program

**65**

BPK Presented VNR  
at ECOSOC's HLPF

**103**

President Appreciates BPK's  
Audit Innovation



**T**his year, Indonesia celebrates its 75th anniversary with a slightly different situation. At the moment, the Covid-19 pandemic is still threatening the life of the society. The number of confirmed cases and the deaths from Covid-19 continues to increase constantly. Meanwhile, the cure for the virus has not yet been discovered.

Indonesia, like other countries, is not only facing the morbidity and mortality impact of the Covid-19 pandemic. Indonesia is also exposed to the unprecedented economic challenges due to the rapid and massive spread of the virus. This unfavorable situation curbs the celebration of Indonesia's 75th anniversary. In fact, this year's anniversary ceremony was held differently. The ceremony was held by prioritizing the health protocols, namely relying less on face-to-face method and more on the virtual method.

Despite the situation, we must not be discouraged. It is the spirit that *Warta Pemeriksa* brings in this edition. Some of the highlights include President Joko Widodo (Jokowi) recognition on BPK's achievements. He praised BPK's proactive and thorough response in order to keep overseeing the State Finance during the Covid-19 pandemic.

Another highlight is related to BPK's audit on Covid-19 vaccination program. It is no secret that the vaccination program is one of the key success factors in handling the pandemic. Therefore, it is important for BPK to audit the progress of vaccination program. Moreover, the audit conducted by BPK is a comprehensive audit, which covers all aspects of the program. In relation to Covid-19 pandemic, the editors also highlight the report on the governance of Social Security Funds which managed by Ministry of Social Affairs. Other reports that are also highlighted in this edition is the report of BPK's audit on unbilled tax receivables which amounting to IDR 15 trillion and also the report of BPK's audit on Healthcare and Social Security Agency (BPJS) investments.

The editors also prepare the report of the Local Government efforts to achieve the fiscal independence. Another interesting highlight is related to BPK's efforts to monitor the follow up of audit recommendation. This editorial highlight explains the essence of the follow up of audit recommendation and its progress, recently. There is many interesting information that editors have prepared for the readers.

It is also important for us to give a reminder to our readers to stay positive and healthy during this pandemic. We face a difficult time at this moment. But, every cloud has a silver lining. We could see this situation as an opportunity to move forward. ●

---

## EDITORIAL

### Editorial Advisory Board

Agus Joko Pramono  
Bahrullah Akbar  
Bahtiar Arif

### Editor-in-Chief/Guarantor

Selvya Vivi Devianti

### Managing Editor

Kusuma Ayu Rusnasanti

### Deputy Managing Editors

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

---

BPK auditors are prohibited from requesting/receiving money/goods/ other facilities from parties related to the audit.

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

4	BPK HIGHLIGHTS COVID-19 VACCINATION PROGRAM
6	VACCINATION AUDIT TO PROVIDE RECOMMENDATIONS TO GOVERNMENT
8	THE RP11.72 TRILLION ACTUAL SPENDING ON VACCINE
10	MINISTER OF HEALTH, BUDI GUNADI SADIKIN VACCINATION RATE CONTINUES TO ACCELERATE
12	PC-PEN 2021 PROGRAM RISK MITIGATION
14	PORTRAYING REGIONAL FISCAL INDEPENDENCE
16	DEPUTY MINISTER OF FINANCE: BPK'S REVIEW IS IMPORTANT TO IMPROVE FISCAL MANAGEMENT
19	RECOMMENDATIONS SHOULD NOT BECOME STALE
22	THE COVID-19 PANDEMIC DOES NOT HINDER THE RECOMMENDATIONS FOLLOW-UP PROCESS
25	DIRECTORATE GENERAL OF INVESTIGATIVE AUDIT STRENGTHENS CALCULATION OF STATE LOSSES
29	SIPTL MAKES THE RECOMMENDATION FOLLOW-UPS MONITORING EASY
31	INCREASING THE FOLLOW UP OF AUDIT RECOMMENDATIONS BY INTENSIFYING THE COMMUNICATION
33	TARGETING 90% OF FOLLOW-UP COMPLETION
36	ENCOURAGING THE QUARTERLY FOLLOW-UP COORDINATION
38	USING SIPTL TO EXPEDITE THE FOLLOW UP OF AUDIT RESULTS
40	IMPROVING THE ACCURACY OF BPUM DISBURSEMENT
42	ENSURING SOCIAL ASSISTANCE IS GIVEN TO THE RIGHT TARGET
44	IMPROVING THE DISTRIBUTION OF WAGE SUBSIDY ASSISTANCE PROGRAM
46	ENSURING MORE OPTIMAL MANAGEMENT OF BPJS TK INVESTMENT
49	THE PERFORMANCE OF GIVING TAX INCENTIVES IS QUITE EFFECTIVE, BUT THERE ARE ROOM FOR IMPROVEMENTS
51	BPK CONTINUES TO MONITOR THE SETTLEMENT OF STATE/ REGIONAL COMPENSATION
53	BPK KEEPS IMPROVING EMPLOYEES CAPACITY
56	INVESTIGATING SOCIAL PROTECTION PROGRAMS FROM THE UPSTREAM TO THE DOWNSTREAM
60	ENVIRONMENTAL AUDIT
65	BPK PRESENTED VNR AT ECOSOC'S HLPF
67	DESPITE FULL OF CHALLENGES, BPK RESULTS QUALITY AUDITS FOR IMO
70	BPK SHARES ITS INITIATIVE ON THE ESTABLISHMENT OF SAI20 TO SAI INDIA AND SOUTH AFRICA
72	BPK CALLS ON AUDITORS IN ASEAN TO INCREASE THEIR CAPACITY



73	BPK SHARES AUDIT KNOWLEDGE WITH SAO THAILAND
74	BPK CHAIRMAN AND EXPERTS FROM VARIOUS COUNTRIES DEVELOP ANTI-CORRUPTION STRATEGIES
75	HOW TO CONDUCT AUDIT IN THE POST-PANDEMIC ENVIRONMENT?
77	UNDERSTANDING THE IMPACT OF COVID-19 ON HUMAN RESOURCES AT SAIs
79	STAY PRODUCTIVE DURING A PANDEMIC
81	ASSESSING FISCAL DECENTRALIZATION
83	BPK HOLDS A SEMINAR ON FACING ERA 4.0
85	BPK HOLDS TRAINING ON SEEING ANAO'S IT AUDIT
87	BPK FOCUSES ON FIVE MATTERS ON THE AUDIT OF INDONESIAN REPRESENTATIVES ABROAD
90	BAHRULLAH AKBAR AND BPK'S INTERNATIONAL ROLE
92	IT STARTS FROM VIENNA
97	THREE ENTITIES LEVEL UP
99	IPKN CONTINUES TO FIRM UP ITS STEPS
101	BPK HOLDS WORK CULTURE IMPROVEMENT WORKSHOP
103	PRESIDENT APPRECIATES BPK'S AUDIT INNOVATION
105	BPK CALLS ON THE STAKEHOLDERS TO SYNERGIZE TO PREVENT CORRUPTION
107	BPK IS READY TO EXPLAIN THE ROLE OF MTP IN THE SETTLEMENT OF STATE/REGIONAL LOSSES
109	PICTURES



## BPK HIGHLIGHTS COVID-19 VACCINATION PROGRAM

The vaccination coverage is still low until August 3, 2021 (202 days).

**T**he Audit Board of the Republic of Indonesia (BPK) highlights the government's Covid-19 vaccination program as it will conduct a thematic performance audit of the vaccination management, which is part of the acceleration program of the Covid-19 pandemic response.

The thematic audit involves 34 BPK Regional Offices coordinated by the Directorate General of Audit VI. "We focus on Covid-19 vaccination activities, which are part of the PC-PEN (Covid-19 Handling and National Economic Recovery) budget," Director General of Audit VI Dori Santosa said to *Warta Pemeriksa*.

Dori explains, BPK has a mission to provide recommendations/opinions on national/regional development and global/regional agenda referring to the National Medium-Term Development Plan (RPJMN) Year 2020-2024. This is in accordance with BPK's strategic plan of 2020-2024.

One of the national programs in the RPJMN is to improve quality and competitive human resources as the PN 3 (National Priority 3). One of the Priority Programs (PP) is PP 3, namely Access & Quality of Health Services. In this PP, one of the Priority Activities (KP) is the disease control, ranging from infectious to non-infectious diseases.

According to Dori, there are several goals to be achieved with the implementation of the Covid-19 vaccination as an effort to control infectious disease of Covid-19. First, to reduce the transmission of Covid-19. Second, to reduce morbidity



■ Dori Santosa



**Currently, audit teams of Audit VI and 34 Regional Offices are carrying out preliminary audits.**

and mortality due to Covid-19. Third, to reach herd immunity. Fourth, to protect people from Covid-19 in order to remain socially and economically productive. "These are the background of BPK's vaccination audit," he said.

Another background, Dori continues, is that the government that has tried to meet the need of vaccines through purchasing and obtaining grants from abroad, yet it has not been successful in developing its own vaccine, resulting in the dependence on the availability from other countries.

It is noted that, Dori explains, the government has carried out vaccinations since January 13, 2021 and is expected to be completed in one year (365 days). However, the vaccination coverage until August 3, 2021 (202 days) is still low. For the second dose of vaccine, it has only reached 21,496,995 people or only 10.32 percent of the vaccination target of 208,265,720 people.

### Preliminary audit

Currently, Dori says, Directorate General of Audit VI has conducted focus group discussions with related parties, including Ministry of Health,

Vaccination starts on January 13, 2021.



Completion target in one year (365 days).



Vaccination target of 208,265,720 people.



Vaccination coverage until August 3, 2021 (202 days): the second dose of vaccination has only reached 21,496,995 people or 10.32% of the target.

## What Does BPK Audit?

**B**PK has routinely implemented audits related to vaccinations. Director General of Audit VI Dori Santosa explains that every year, BPK has conducted a sampling test on vaccine procurement and supply management at the Ministry of Health, for instance, those conducted on newborns vaccines and other specific vaccines including for meningitis.

"Not only in terms of procurement, for the Covid-19 vaccine, the audit will also look at vaccination activities. This is because the Covid-19 vaccination aims at tackling the infectious disease through the creation of herd immunity," he told *Warta Pemeriksa* recently.

Food and Drug Supervisory Agency, PT Bio Farma, Indonesian Technical Advisory Group on Immunization (ITAGI), National Commission for Post-Immunization Adverse Events (Komnas KIPI), and Ministry of Finance. "They provide sufficient understanding and information about the implementation of the Covid-19 vaccination," he said.

Furthermore, BPK has also formed a thematic audit working group. BPK also have conducted workshops during preliminary and detailed audits and at the reporting phase. The workshops are attended by structural and functional auditors at BPK Head Office and 34 Regional Offices.

"Currently, audit teams of Audit VI and 34 Regional Offices are carrying out preliminary audits," Dori said.

He mentions that vaccination will most likely continue until next year. Thus, the audit report of the vaccination management to accelerate the Covid-19 pandemic response is expected to provide an insight from provided recommendations and a foresight exemplified in a study on state financial policies and financial stability in handling Covid-19, particularly on the vaccination program

Regarding audit objects, Dori says that BPK will conduct a performance audit of vaccines procurement and implementation. It will include safety, efficacy/benefits and quality monitoring of the Covid-19 vaccine.

The audit of vaccine procurement will start from planning, targets and objectives setting, in house/domestic vaccines development, vaccines procurement at PT Bio Farma and vaccine distribution. Meanwhile, the audit of vaccine implementation will cover vaccination services and monitoring of post-immunization follow-up events (KIPI).

With regard to safety supervision, BPK will conduct the audit of the Food and Drug Supervisory Agency to assess the efficacy/benefits and the quality of the Covid-19 vaccine before and after it is circulated.

"The audit team of Audit VI will audit Ministry of Health and Food and Drug Supervisory Agency. Meanwhile, those at the 34 Regional Offices will audit provincial governments with at least two districts/cities sampled in each province," he said.

On the paid vaccination program for individuals, Dori explains that the government had revoked the Minister of Health Regulation Number 19 Year 2021 that arranges the vaccination of the Covid-19 pandemic.

"Currently, what applies is the Gotong Royong vaccination funding scheme borne by legal/business entities. So, PT Kimia Farma is no longer authorized to sell vaccines to individuals," he said. ●

conducted in 2022 at Ministry of Health, Food and Drug Supervisory Agency and local governments.

Dori emphasizes that BPK's audit of Covid-19 vaccination will only be carried out this year as it is included as the prior activity of the National Thematic of PN 3. ●

## VACCINATION AUDIT TO PROVIDE RECOMMENDATIONS TO GOVERNMENT

Issues related to Indonesia's dependence on vaccine supplies from abroad emerged.

**T**he Audit Board of the Republic of Indonesia (BPK) will conduct an audit on the Covid-19 vaccination program which has been run by the government for the past few months. The audit is conducted while the program is still running in the hope of detecting issues arising from the vaccination implementation earlier.

"Thus, BPK can provide useful recommendations for the government to be more effective and targeted in carrying out vaccination activities for the community and handling the Covid-19 pandemic," said the Director General of Planning, Evaluation and Development B. Dwita Pradana to *Warta Pemriksa*.

He explained that the implementation of Covid-19 vaccination is an accelerating program in response to the pandemic. As stated in the Presidential Regulation Number 99 of 2020, Article 1 para (1), "In responding to Co-

vid-19 pandemic, the government accelerates procurement of Covid-19 vaccines and its distribution."

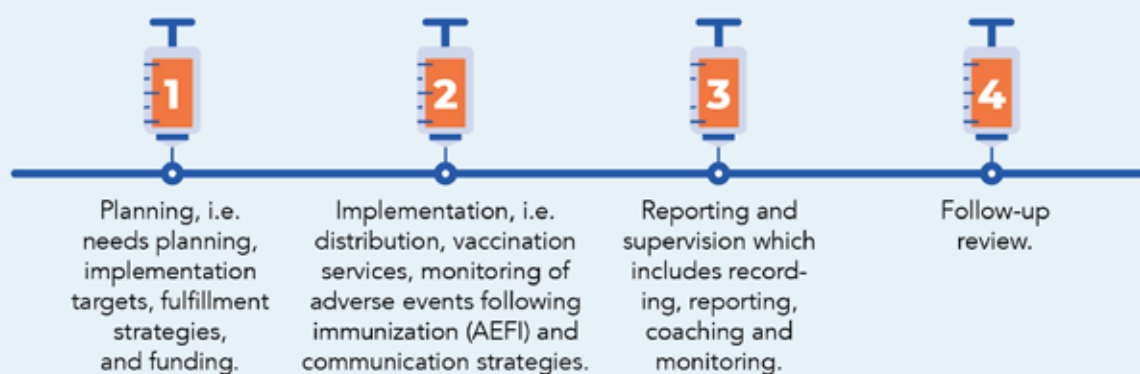
Proper vaccination to priority target groups is expected to control the pandemic. By increasing immunity of individuals and community, morbidity and mortality rate will be reduced, while economic and social productivity will be supported.

"On the other hand, there are also problems related to Indonesia's dependence on vaccine supplies from abroad in order to meet the needs of the country's population. Therefore, BPK needs to carry out an audit on the vaccination implementation," added Dwita.

Based on that consideration, he continued, a thematic audit on vaccination management will cover a number of potential areas. First, planning, which includes needs planning, implementation targets, fulfillment strategies, and funding.

### POTENTIAL AREAS OF THE THEMATIC AUDIT

On Covid-19 Vaccine Management



### Audited entities involved in this thematic audit:



Second, implementation, which includes distribution, vaccination services, monitoring of adverse events following immunization (AEFI) and communication strategies. Third, reporting and supervision which includes recording, reporting, coaching and monitoring. Forth, follow-up review. "Entities involved in this thematic audit are Ministry of Health, National Agency of Drug and Food Control, SOEs, local governments and other agencies," Dwita listed.

Currently, he stated, the audit is still at the preliminary stage. This interim audit aims to gain an understanding of the main points/objects related to efforts to manage Covid-19 vaccination and identify problems that will be audited more in depth.

Further, the interim audit also maps existing problems and determines key areas that will be the focus of the performance audit. Lastly, it formulates potential audit objectives and provide reasons why certain objectives are considered to hold the highest priority.

Dwita admitted that the specific output BPK wants from this audit is still being determined through this interim audit. "However, the general purpose of the vaccination audit is to provide useful recommendations to the government so that vaccination program for the community runs more effectively and properly targeted," he said.

Further, Dwita informed that the audit on vaccination is part of a national thematic audit on increasing the quality and competitiveness of human resources, as well as part of the follow-up audit on Covid-19 handling in Semester II of 2021. The audit will involve all BPK audit units including regional offices, with Audit VI as the coordinator.

As for the audit team composition, it has been made in accordance with the Audit Management Guideline stipulated by 2015 BPK Decision. The team comprises of auditor in



■ B Dwita Pradana



**BPK can provide useful recommendations for the government to be more effective and targeted in carrying out vaccination activities for the community and handling the Covid-19 pandemic.**

charge, deputy-auditor in charge (if needed), technical controller, team leader, sub-team leader (if needed), and team members.

Dwita also emphasized that this national thematic audit is supported by all non-auditing units in BPK, i.e. application of quality assurance since the outset of audit by Directorate General of Internal Audit, workshops/trainings/focus group discussions by BPK Training Institute, compliance with technical guidelines by Directorate General of Planning, Evaluation and Development, and analysis of regulations and legal studies by Directorate General of Legal Affairs.

This includes support in using big data analytics, as well as communication strategy for the audit process both internally and externally. All are supported by facilities and infrastructure as well as health protocol equipment. ●



## THE RP11.72 TRILLION ACTUAL SPENDING ON VACCINE

At the end of July 2021, the government has brought in 174.6 million doses of vaccines in the form of bulk and ready-made vaccines.

**T**he Audit Board of The Republic of Indonesia (BPK) is conducting an audit related to the Covid-19 vaccination program. The audit does not only cover the procurement of Covid-19 vaccines, but also vaccination activities.

The Covid-19 vaccination in Indonesia began in January 2021. The government allocated a Covid-19 vaccination budget of Rp57.84 trillion. A total of Rp47.61 trillion is allocated for the procurement of vaccines.

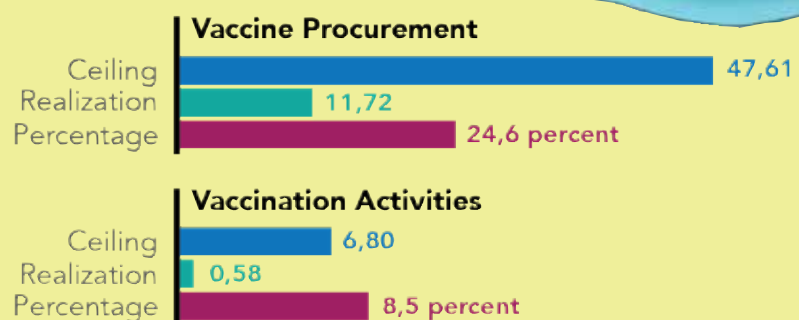
While the remaining Rp6.80 trillion is for the distribution of vaccination.

Director for Human  
Development and  
Culture, Minis-  
try of Finance,

Purwanto, said the spending on vaccination has reached Rp12.30 trillion as of July 30, 2021. For the procurement of vaccines, the government had spent Rp11.72 trillion. Moreover, the budget realization for vaccination activities is Rp580 billion.

This was conveyed by Purwanto in a Public Information Disclosure Seminar held by the Ministry of Finance on August 3, 2021. Purwanto said the spending on vaccine was

**Budget Ceiling  
and Realization of  
the Covid-19 Vaccination  
as end of July 2021**  
(in trillion rupiah)



Source: Ministry of Finance



Rp11.72 trillion for the procurement of 65.79 million doses of vaccine.

"There are some for repayment and some for down payment. The flow starts with the availability of goods, paid the down payment, distributed or sent the goods, then paid the rest of the amount," said Purwanto.

Purwanto explained that of the total vaccination budget of Rp57.84 trillion, Rp6.51 trillion of which was regional expenditure originating from the general allocation fund (DAH)/profit sharing fund (DBH). The central budget was Rp51.3 trillion.

"The Directorate General of Fiscal Balance (DJPK) has issued a circular (SE) that the DAU/DBH can be used for vaccinations. The realization until July 30, 2021 has reached Rp575.24 billion," said Purwanto.

The SE referred by Purwanto is the one from Director General of Fiscal Balance No. SE-6/PK/2021. The SE was made to support the implementation of vaccinations, including funding for payment of incentives or honorariums to health workers who carry out vaccinations, including from elements of the National Army/Police (TNI/Polri), midwives, and other seconded personnel appointed by the government.

The SE stipulates that to speed up the implementation of the Covid-19 vaccination, the budget for the vaccination will use bailout funds sourced from the State Budget and will be taken into account in the distribution of DAU/DBH.

Further, the governor or regent/mayor through the Local Health Agency coordinates with vertical agencies appointed as vaccinators by the government, among others in terms of compiling data on vaccination targets, division of tasks for vaccination activities, and other necessary matters. Then, the vaccination activities by the Provincial/Regency/City Health Agency or vertical agency appointed as a vaccinator by the government, using the



**The Directorate General of Fiscal Balance (DJPK) has issued a circular (SE) that the DAU/DBH can be used for vaccinations. The realization until July 30, 2021 has reached Rp575.24 billion.**

unit cost set by the Ministry of Health.

Spokesperson for Vaccination from the Ministry of Health (Kemenkes) Siti Nadia Tarmizi who attended the Public Information Disclosure seminar said that the government has set a vaccination target of 208.2 million people. As of August 1, 2021, the number of people who have received the first dose of the vaccine is 47.4 million people or 22.8 percent. While the second dose was 20.6 million people or 9.93 percent.

Nadia emphasized that vaccination is very useful to reduce the risk of death in Covid-19 patients undergoing treatment in hospitals. Nadia revealed, one dose of vaccine can reduce the risk of death by 37 percent. "Meanwhile, two doses of vaccination reduce the risk of death by 73 percent," said Nadia.

Regarding the procurement of vaccines, Nadia said, Indonesia, as of the end of July had brought in 174.6 million doses of vaccines in the form of *bulk* and ready-made vaccines. Of these, the number of vaccines that have been released is 97.4 million doses. Of that number, 86.2 million doses have been distributed.

Based on the data of the vaccine supply plan as of June 29, explained by Nadia, the total number of vaccines to be imported throughout 2021 was 387 million doses. As for January-June 2022 as many as 39.2 million doses. Thus, the total vaccine that will be imported by Indonesia will reach 426 million doses. ●

MINISTER OF HEALTH, BUDI GUNADI SADIKIN

**VACCINATION RATE CONTINUES TO ACCELERATE**

**T**he Covid-19 vaccination program has been started since January 13, 2021. According to Health Minister Budi Gunadi Sadikin, the rate of vaccination is accelerating. The government also continues to try to bring in vaccines through various schemes.

The Minister of Health told the *Warta Pernerika* about the vaccination program's progress, including the challenges and goals set by the government. The following is an excerpt from a written interview with the Minister of Health at the end of July.

---

**So far, how has vaccine procurement been committed to and realized?**

As of July 25, 44.4 million people had received the first dose of the vaccine, and 17.9 million had received the second dose.

In terms of vaccine supply, Indonesia has received more than 151.9 million doses of vaccines in bulk and ready-made at this time. These 151.9 million doses are estimated to be 127.9 million ready-made vaccine doses, which will be sufficient to supply and maintain vaccination rates.

Our daily vaccination rate in July is 1-1.25 million doses per day, with a vaccine supply of approximately 35-39 million doses. Vaccines are also being delivered at a faster rate. We received 11 vaccine arrivals totaling 33.2 million vaccines in bulk and ready-made forms in July. In previous months, we only received a maximum of five times. This is proof that we are continuously working to bring vaccines to speed up vaccination.

The government continues to make efforts to obtain vaccines through various bilateral and multilateral schemes. Support from international organizations, such as COVAX/GAVI, demonstrates a strong commitment to assist Indonesia in obtaining vaccines for free.

**What are the challenges or obstacles in procuring vaccines?**

Every country in the world is struggling to get a vaccine. There are still countries that have not received vaccine rations, or even cannot afford to hold vaccination programs for their people.

Meanwhile, we are committed to provide free Covid-19 vaccinations to all Indonesians.

The government continues to make efforts to obtain vaccines through various bilateral and multilateral schemes.

Vaccination assistance and support from international organizations such as the COVAX Facility and GAVI is extremely beneficial to the government in providing vaccines for the entire community.

Because all countries are struggling, and we are not a vaccine producing country at the moment, there is a risk that the country we are waiting for vaccine shipments from imposes an embargo due to the country's internal policies for dealing with the pandemic.

The President wishes to see the number of people vaccinated on a daily basis continue to rise. The President hopes to reach 2 million injections per day by August.

**What is the government's plan for achieving this goal?**

The Ministry of Health is currently working hard to meet the target of 2 million vaccinations per day in August and beyond. The target will be increased through various acceleration efforts involving various parties, including the TNI/Polri (public servants), ministries/institutions related to community organizations, religious organizations, and private parties.

The government is currently attempting to encourage 70 percent of dose 1 vac-



kemkes.go.id

cination in agglomerated districts/cities. This will be pursued further by collaborating with the TNI/Polri. The 57 agglomeration regencies/cities that are far behind in coverage will then be accelerated until the end of August, with a 50 percent-50 percent distribution allocation.

**Is the current availability of vaccination sufficient if vaccination can be realized at a rate of 2 million injections per day?**

We are optimistic that in the future, more and more vaccines will be delivered to Indonesia. There have been approximately 11 arrivals of Covid-19 vaccines from various brands in July. We have received Sino-vac bulk amounting to 18 million doses, Astrazeneca amounting to 6.7 million doses, Sinopharm amounting to 4 million doses, and Moderna amounting 4.5 million doses.

Vaccines will continue to arrive in Indonesia in the future. The first shipment of Pfizer's vaccine is also scheduled for August of this year. As a result, the stock of vaccines that we require will be replenished.

**BPK will conduct an audit on the vaccination program. What are your expectations for BPK's implementation of the plan?**

To assist BPK in carrying out audit tasks, the Ministry of Health will provide full support. Transparent budget management is critical for achieving good governance. ●



**Because all countries are struggling, and we are not a vaccine producing country at the moment, there is a risk that the country we are waiting for vaccine shipments from imposes an embargo due to the country's internal policies for dealing with the pandemic.**

## PC-PEN 2021 PROGRAM RISK MITIGATION

The National Police cooperates with Audit Board of the Republic of Indonesia (BPK), National Government Internal Auditor (BPKP), National Public Procurement Agency (LKPP), Government Internal Supervisory Apparatus (APIP), Ministry of Social Affairs and Attorney General to assist local governments in accelerating budget realization.

**B**PK actively supports the government in handling Covid-19 and National Economic Recovery (PC-PEN). One of BPK's contributions is the audit of the implementation of PC-PEN program last year. It has submitted the audit report to House of Representatives (DPR), House of Regional Representatives (DPD) and central and regional governments.

BPK's Director General of Audit II Laode Nusriadi says BPK's audit is part of risk mitigation. "This is part of the risk mitigation for similar activities of Covid-19 Handling and National Economic Recovery (PC-PEN) conducted in 2021 and ahead," he said at the coordination meeting for the implementation of the National Economic Recovery Program by Law Enforcement Officials-APIP to accelerate budget realization hosted by Metro Jaya Police Department on Tuesday (3/8).

Laode says that there are 2,843 problems worth IDR 2.94 trillion disclosed in 241 audit reports consisting of 2,170 findings and 5,754 recommendations.

BPK reveals problems of inefficiency and ineffectiveness worth IDR 209.8 billion out of 1,241 problems (44%). There are 387 problems of the weakness of the internal control system (31%) and 715 problems (25%) of non-compliance with laws and regulations worth IDR 2.73 trillion.

Laode says several crucial things to be attentive for are the validity of the supporting data for each program. In addition, the quick-

ness of regulation drafting to implement new programs is spotted on, especially for its completeness, clarity and alignment.

He also highlighted supervisory issues of program planning, implementation and accountability. Intensive coordination between stakeholders is needed considering that the PC-PEN program is cross-sectoral. The government also needs to follow up BPK's recommendations.

"It is important to mitigate the risk of recurring problems in the following year," he said.

Increasing accountability is a challenge in the midst of the government's efforts to boost budget realization. Director of Special Criminal Investigation of the Metro Jaya Police Department, Police Chief Commissioner Auliansyah Lubis says that President Joko Widodo had asked regional heads throughout Indonesia to increase the 2021 regional budget realization.

In the President's Briefing on July 19, 2021, local governments are asked not to hesitate to spend money, especially the productive spending to handle the Covid-19 pandemic.

Aulia says that regional budget expenditures are still low and below the realization of the state budget. He hopes that local governments can catch up with expenditure realization especially those for Micro, Small and Medium Enterprises (MSME), social assistance and village funds.

One of the highlights is the MSME budget amounted up to IDR 13.3 trillion but only IDR 2.3 trillion that has been realized. On the other hand, the social protection budget reaches IDR 12.1 trillion, of which there has only been IDR 2.3 trillion realized.

"Thus, the realization has not yet reached 20%. People are waiting for the program," he said.

Metro Jaya Police Department has analyzed and evaluated a number of obstacles. One of them is the applied social mobility and activity restrictions during the pandemic (PPKM). Other problems include data verification and validation, unavailable basic social





■ Laode Nusriadi



**It is important to mitigate the risk of recurring problems in the following year.**

assistance materials, and disbursement of social assistance that is carried out every three months.

In addition, there are also obstacles caused by the procurement that is still ongoing and undertaken by Housing, Residential and Land Offices, data updating that is still ongoing and the lack of human resources for distribution.

Aulia says the National Police is supporting the budget realization while maintaining accountability. Therefore, it hosts a coordination meeting involving a number of stakeholders.

"Are there any other problems, one of which, for instance, may be the fear of budget users in using their budget," he said.

Aulia says that the National Police cooperates with BPK, BPKP, LKPP, APIP, Ministry of Social Affairs and Attorney General to assist local governments in accelerating budget realization. He emphasizes that the government does

not need to worry about using the existing budget. The National Police is ready to provide assistance and input.

"So, the use of the budget is right on target and not uncontrollably used in anywhere else causing problems in the future," he said.

The Coordinator of Supervisory State Accountants I of BPKP Regional Office in DKI Jakarta Roy Yournalista says that his institution had supervised the aspects supporting the national economic recovery while assessing progress in labor-intensive programs, evaluating regional PEN loan disbursement, reviewing tourism grants in PEN program context and monitoring food availability.

In addition, regarding the social security program, BPKP evaluates the distribution of rice assistance to beneficiary families as part of Keluarga Harapan Program (PKH) and Cash Social Assistance (BST). BPKP also conducts a special-purposed audit of the BST management of the regional budget.

Meanwhile, in relation to the acceleration of the Covid-19 handling, BPKP monitors incentives for health workers, provides administrative assistance related to Covid-19 and evaluates budget realization and procurements of goods/services in the second quarter of 2021.

Roy says that the expenditure realization of Covid-19 handling in DKI Jakarta until the first semester of 2021 is still relatively low. He says that the budget realization in the health sector has only reached 9.88% of the total budget of IDR 1.47 trillion.

For the social protection, there has only been 21.52% absorbed from the total budget of IDR 1.43 trillion. Similarly, the budget realization for the economic support has only reached 28.17% out of IDR 1.07 trillion.

Roy conveys that based on these data, the condition of budget realization is still low. BPKP will then continue to play its consulting role.

"We are trying to encourage the provincial government (DKI Jakarta) to accelerate the budget realization, especially those designated to handle Covid-19," he said. ●

## PORTRAYING REGIONAL FISCAL INDEPENDENCE

If the deficit is not controlled, it can have a long-term impact on fiscal sustainability.

The Audit Board of the Republic of Indonesia (BPK) analyzed regional fiscal resilience by conducting a Review on Fiscal Independence in 2020. BPK also calculated the Fiscal Independence Index (IKF) for 503 of a total of 542 local governments. According to the review's findings, the majority of local governments, or as many as 443 local governments (88.07 percent), are still in the 'not yet independent' category.

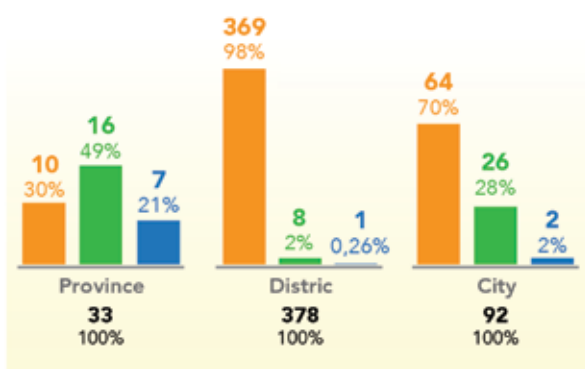
BPK Director General of Audit V Akhsanul Khaq conveyed that BPK review results revealed a fiscal independence gap. In 2020, West Papua's IKF value is 0.0558. This means that West Papua's Original Regional Revenue (PAD) plays only a 5.58 percent role in financing the Regional Budget (APBD). Meanwhile, the IKF value of DKI Jakarta has reached 0.6365. This means that DKI Jakarta's APBD has been funded by its own PAD to the tune of 63.65 percent.

### Classification of Fiscal Independence Index (IKF)

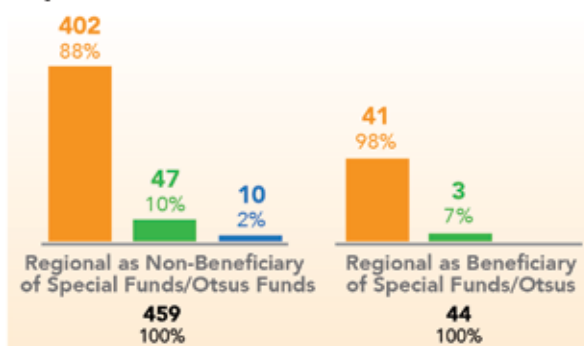
IKF Status 1	Not yet Independent
IKF Status 2	Towards Independence
IKF Status 3	Independent/Self-sufficient
IKF Status 4	Very Independent



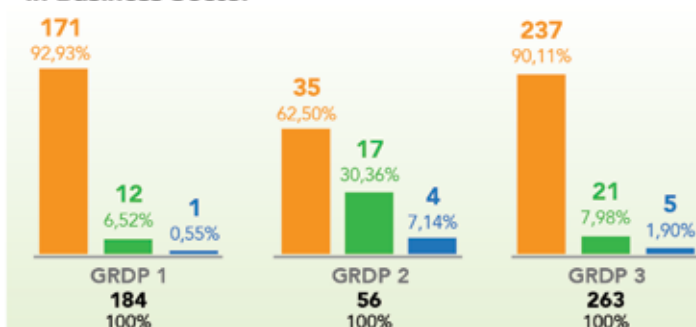
### Classification of IKF by Level of Government



### IKF Classification Based on Regional Beneficiary or Non-Beneficiary of Special Funds/Otsus Funds



### IKF Classification Based on Dominant PDRB (Gross Regional Domestic Product) in Business Sector



**GRDP 1 (primary sector):**  
agriculture, mining, quarrying.

**GRDP 2 (secondary sector):**  
processing industry, electricity, gas, clean water, construction.

**GRDP 3 (tertiary sector):**  
transportation and communication, finance, leasing, company services, and other services.

Source: Report on the Review of Regional Fiscal Independence in 2020



■ Akhsanul Khaq



**The local government has also not budgeted for programs and activities.**

There is also a fiscal independence gap at the district/city level. Badung District in Bali province had an IKF score of 0.8347 in 2019 or before the pandemic. That year, Badung Regency was the only local government in the 'very independent' category. Meanwhile, Deiyai District in Papua province received an index score of 0.0031, indicating that PAD accounts for only 0.31 percent of its APBD.

Based on the findings of the review, BPK considers that a local thematic audit of a number of local governments is required to assess their fiscal management performance. "We want to look further in the second semester of 2021." "What causes a region that is not yet self-independent?" Wednesday (30/7), Akhsanul told *Warta Pemriksa*.

According to Akhsanul, the audit will look into the local government's process for designing the APBD. Furthermore, the audit will examine the intensification and extensification processes for increasing PAD. "This local thematic audit will be conducted within AKN V and AKN VI," he explained.

According to Akhsanul, the IKF does not measure the direct relationship between local government spending and the level of PAD. However, he explained, there is a tendency for local governments to increase operational expenditures.

Operational expenditures are expenditures for daily local government activities such as personnel expenditures, goods expenditures, and expenditures for social assistance subsidies.

Meanwhile, capital expenditure has actually decreased. Indeed, capital expenditure, according to Akhsanul, has the potential to cause an increase in PAD in the future. He cited capital expenditure in the form of road infrastructure to tourism destinations as an example of how capital expenditure is expected to support the increase in PAD.

In addition, from 2016 to 2018, BPK conducted a thematic performance audit on the effectiveness of regional expenditure management to improve human development. The audit included 60 local governments and 12 thousand activities totaling Rp 34.71 trillion. According to the audit, Akhsanul said that the quality of spending in the APBD still needs to be improved.

He mentioned some issues such as the local government's failure to conduct an economic analysis of the proposed programs and activities. The local government then failed to select programs and activities in accordance with the priorities established. "The local government has also not budgeted for programs and activities," Akhsanul said.

If we look more deeply, we can see that there are issues related to the insufficient PAD regulation. Then, local governments lack competent human resources (HR) to conduct taxpayer audits. Akhsanul also stated that there is a current tendency for regional revenue budgeting plans to be set too high. "This is also related to data collection," Akhsanul explained, "so it is not based on accurate and realistic data."

With a high income posture, regional spending will be high as well. This then creates a deficit because the realization of income is not as high as the level of regional expenditure. "This is then financed with debt, and if it continues to grow and accumulate, it threatens the regional government's sustainability," he said.

In general, budget deficits occur in many local governments, according to data from the Directorate General of Regional Finance at the Ministry of Home Affairs. Since 2017, the trend of the deficit has been increasing. The cumulative budget deficit reached IDR 47 trillion in 2017. Meanwhile, it will reach Rp. 73.22 trillion in 2021.

According to Akhsanul, there are some opinions mentioning that regional spending can help stimulate economic growth. However, he warned that if the APBD deficit is not controlled, it will have a long-term impact on fiscal sustainability. "Some of the APBD will be used solely to pay debts," he explained. ●



## DEPUTY MINISTER OF FINANCE: BPK'S REVIEW IS IMPORTANT TO IMPROVE FISCAL MANAGEMENT



Bare Kingkin Kinamu

The allocation of funds to regions through Transfers to Regions and Village Funds (TKDD) is intended to demonstrate the government's commitment to implement decentralization.

**T**he Ministry of Finance welcomes and greatly appreciates BPK's review on fiscal transparency, regional fiscal independence, and fiscal sustainability in the Central Government Financial Statements (LKPP) conducted regularly. According to Deputy Minister of Finance Suahasil Nazara, the review represents the joint commitment between the government and BPK to encourage the strengthening of transparency and accountability in the management and accountability of state finance and regional finance.

"It is further expected that fiscal management will be of more credible and accountable, which can provide optimal benefits for the economic and improve people's welfare," Suahasil said to *Warta Pemriksa* in mid-August.

Suahasil emphasizes that fiscal transparency, fiscal independence and fiscal sustainability are important things to keep fiscal management healthy, productive, resilient and sustainable in medium and long terms. He says the review of fiscal transparency, fiscal independence and fiscal sustainability in LKPP is a form of fiscal management accountability to the public, espe-

cially that of the state budget.

In addition, he says, it is a form of joint commitment to carry out checks and balances in fiscal management that has to be always consistent and remains healthy, credible and accountable. "The results of the review can be used as input and evaluation in improving a more credible and accountable fiscal management," he said.

He adds that the review of fiscal transparency, fiscal independence and fiscal sustainability using theoretical foundations, criteria and best practices on an international scale can be a measuring tool for assessing the implementation of these three things in Indonesia compared with those in other countries. "Hopefully, the review can increase international public confidence in Indonesia's fiscal management, which will encourage investment in Indonesia."

According to him, the review report document in the LKPP provides a comprehensive picture of fiscal management from planning, budgeting, implementation to reporting stages, including the accountability in responding to economic dynamics and various challenges, as well as the support in achieving development targets.





**It is further expected that fiscal management will be of more credible and accountable, which can provide optimal benefits for the economic and improve people's welfare.**

Based on BPK's Review Report on Regional Government Fiscal Independence Year 2020, there are as many as 443 out of 503 local governments (88.07%) categorized as "Not yet Independent". It shows that most local governments are still very dependent on regional transfer funds to finance expenditures in each local government. The review also states that 468 local governments (93.04%) do not experience a change in the category of fiscal independence since 2013 even until this Covid-19 pandemic in 2020.

Regarding funds transferred to regions, Suahasil explains that each transferred fund has a different purpose and is complementary in nature. Some play a role as an equalization tool, supporting regions in achieving national priorities, encouraging regional performance and accelerating the development of certain regions.

The general allocation fund (DAU), for example, is intended for fiscal equity among local governments (horizontal imbalance). In realizing this objective, the DAU for an area is calculated using the Basic Allocation and Fiscal Gap formulas. The Basic Allocation is calculated based on the estimated amount of regional personnel expenditure, while the fiscal gap is the difference between regional fiscal needs and regional fiscal capacity.

Suahasil explains that regional fiscal needs are a projection of the level of regional needs in carrying out government functions calculated based on several variables. Meanwhile, regional fiscal capacity is the regional financial capacity consisting of Regional Revenues (PAD) and Sharing Fund Revenues (DBH), both taxes and natural resources.

"Based on these, regions with low financial capacity will receive a larger portion of the allocation, while those with higher financial capacity will receive a smaller allocation or do not even receive any," he said.

He says DAU is a type of transfer funds characterized as block grants. However, to improve



■ Suahasil Nazara

kemenkeu.go.id

the quality of its use, the government has begun to implement an earmarking policy whose small portions are for productive spending such as infrastructures.

The Deputy Minister of Finance explains that the allocation of funds to regions through Transfers to Regions and Village Funds (TKDD) is intended to demonstrate the government's commitment to decentralization. In fact, the allocation of TKDD always increases every year to support the process of regional autonomy implementation. "All in all, the portion of TKDD is approximately one-third of the state budget expenditure," he said.

For more than two decades, the implementation of regional autonomy and fiscal decentralization is considered to have contributed positively in encouraging development progress in the regions. This can be seen from the positive achievements of basic service indicators and community welfare.

In addition, in the last two decades, the allocation of TKDD has been able to reduce the level of inequality in regional financial capacity.

However, Suahasil acknowledges that reducing fiscal inequality and improving service quality are still not optimal and need acceleration. It can be seen from the wide gap of inequality in terms of basic public services and welfare, especially if compared between Java and outside Java.

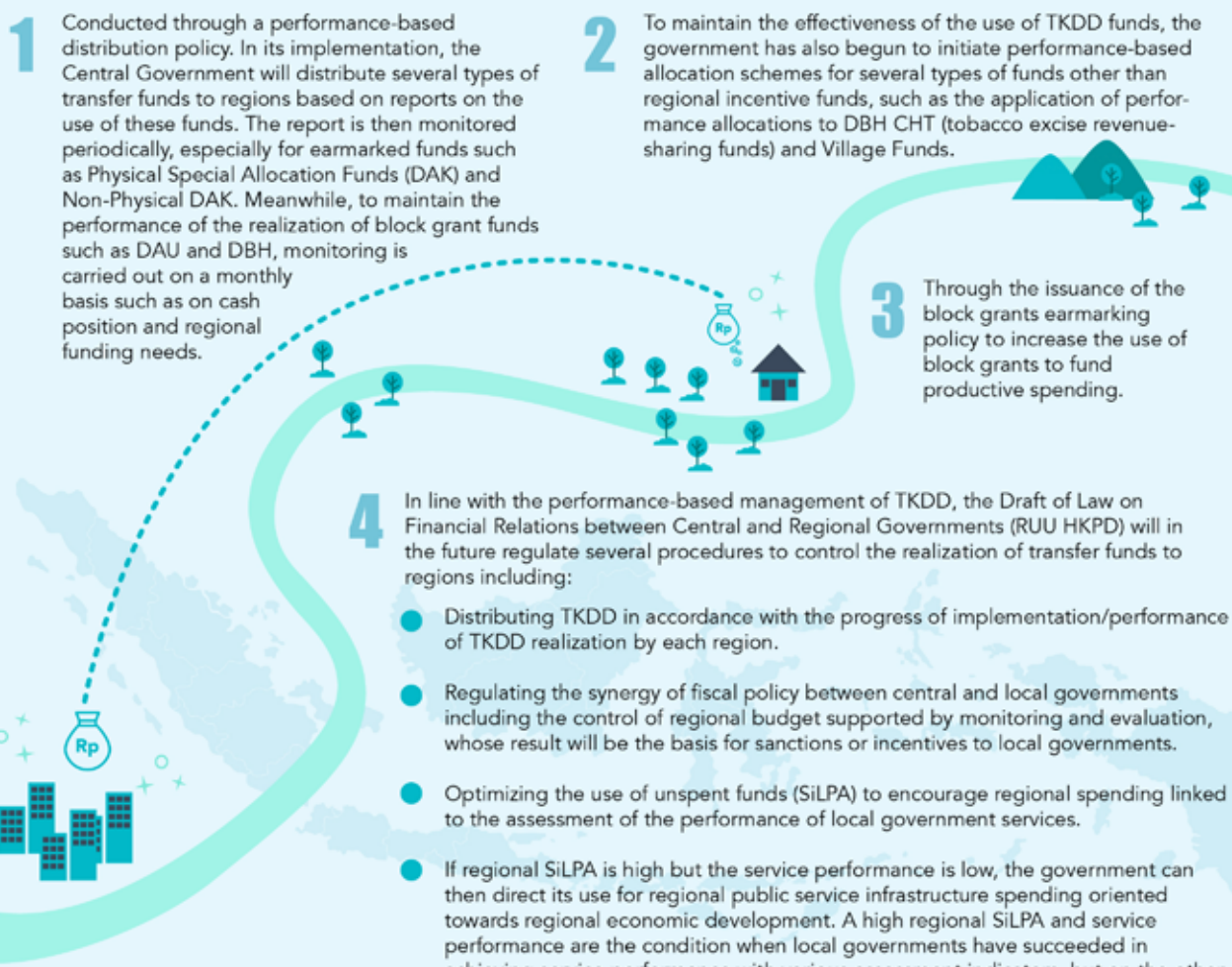
The ineffectiveness of the TKDD policy in improving national development outputs/outcomes can be caused by the management of the TKDD components

that has not yet been optimal, including the DAU, in encouraging the increase of local government performance in realizing equity and improved public services.

"There is a tendency that the DAU has not been optimally used for capital expenditures and those directly related to public services and the economic. The DAU with the Basic Allocation formula tends to increase consumptive personnel and goods/services expenditures," he said.

The unproductive use of the DAU has not yet fully leveraged the improvement of services and regional economy. Data shows that more than 60% of the DAU is used for regional personnel expenditures. ●

## Government Strategy to Optimize Transfer Funds to Regions

- 
- 1 Conducted through a performance-based distribution policy. In its implementation, the Central Government will distribute several types of transfer funds to regions based on reports on the use of these funds. The report is then monitored periodically, especially for earmarked funds such as Physical Special Allocation Funds (DAK) and Non-Physical DAK. Meanwhile, to maintain the performance of the realization of block grant funds such as DAU and DBH, monitoring is carried out on a monthly basis such as on cash position and regional funding needs.
  - 2 To maintain the effectiveness of the use of TKDD funds, the government has also begun to initiate performance-based allocation schemes for several types of funds other than regional incentive funds, such as the application of performance allocations to DBH CHT (tobacco excise revenue-sharing funds) and Village Funds.
  - 3 Through the issuance of the block grants earmarking policy to increase the use of block grants to fund productive spending.
  - 4 In line with the performance-based management of TKDD, the Draft of Law on Financial Relations between Central and Regional Governments (RUU HKPD) will in the future regulate several procedures to control the realization of transfer funds to regions including:
    - Distributing TKDD in accordance with the progress of implementation/performance of TKDD realization by each region.
    - Regulating the synergy of fiscal policy between central and local governments including the control of regional budget supported by monitoring and evaluation, whose result will be the basis for sanctions or incentives to local governments.
    - Optimizing the use of unspent funds (SiLPA) to encourage regional spending linked to the assessment of the performance of local government services.
    - If regional SiLPA is high but the service performance is low, the government can then direct its use for regional public service infrastructure spending oriented towards regional economic development. A high regional SiLPA and service performance are the condition when local governments have succeeded in achieving service performance with various assessment indicators, but on the other hand, they still have reserves of SiLPA that can be used for investment without disrupting the running of the local government.

Source: Warta Pemeiksa's Interview with the Deputy Minister of Finance



■ Isma Yatun

## RECOMMENDATIONS SHOULD NOT BECOME STALE

If there are recommendations which are not immediately resolved by the audit entities, even for years and are eventually proposed to be 'Status 4', they can disrupt BPK's dignity.

Indonesia's Audit Board Member IV, Isma Yatun, appreciated the status of the audit recommendations follow-ups by the audit entities in The Directorate General of Audit IV. Isma Yatun stated that BPK would encourage the entities to follow up the audit recommendations on time. This is because the recommendations follow-ups represents BPK's dignity.

Isma Yatun said, the rate of the recommendations follow-ups in The Directorate General of Audit IV had risen in the last three years. According to the data in the Audit Results Summary (IHPS), the average rate of audit recommendations follow-ups in 2018 was 63,86%. Then, it rose to 66,79% in 2019 and became 69,29% in 2020.

"However, I also can't stand the slow progress of the entities, especially when I examine the proposal of 'Status 4'. What have the entities

been doing so far? How come there are recommendations that have not been followed up since 2004?" said Isma Yatun to *Warta Pemeriksa* recently.

The woman who was born in Palembang said that there were several BPK recommendations that were proposed to become 'Status 4', or cannot be followed up with valid reasons, because the follow-up recommendations were no longer relevant for a number of reasons. The reasons are, among others, because the organization has been liquidated, the laws and regulations have changed, the officers have retired or died.

"If the recommendation is followed up within the 60-day deadline, then the recommendation should still be relevant, but because it has been more than 5 years or even 10 years, the recommendation becomes irrelevant," said Isma Yatun.



**If the official carries out his/her duties and responsibilities, then he/she should encourage entity's officials so that the TLRHP is completed within the time limit to make it become 'Status 1'.**

The obligation of officials to follow up on BPK's recommendations is the mandate of Article 20 of Law Number 15 of 2004 concerning Audit of Management and Responsibility of the State finances. Officials are required to follow up on recommendations in the audit reports. The answer or explanation regarding the follow-up to the audit recommendation is submitted to the BPK no later than 60 days after the audit report is received.

Isma Yatun said that if there were recommendations that were not immediately resolved by the audit entities, even for years and were eventually proposed to become 'Status 4', they can disrupt the BPK's dignity.

"We have worked hard to carry out audits and provide recommendations, but it seems that our recommendations are ignored or degraded by the entity and we are silent. In the future, this should not happen again," said Isma Yatun.

Nevertheless, Isma Yatun stated that the BPK and the entity would certainly seek solutions together regarding the completion of recommendations that had not been followed up for a long time. If indeed the recommendation is no longer relevant, then it will be put in 'Status 4': a recommendation that cannot be followed up for a valid reason. According to Isma Yatun, there are at least three factors that affect the TLRHP level of an entity. First, the active response from the entity's officials. Second, the response from BPK's officials or auditors. While the third is the commitment of cooperation between BPK's officials and authorized entity's officials to complete BPK's recommendations. Regarding the active response factor from the entity, the most important thing is the commitment of the entity's leader, namely the minister and the staff in following up the BPK's recommendations. In addition to the ministers, entity's officials who are very influential on the audit recommendations follow-ups (TLRHP) are the Secretary General and the Inspectorate General of the Ministry as the coordinator of the follow-up implementation in each ministry according to their authority.

The second factor is the response of BPK's officials/auditors. This factor is also very important. "If

the official carries out his/her duties and responsibilities, then he/she should encourage entity's officials so that the TLRHP is completed within the time limit to make it become 'Status 1'," said Isma Yatun.

The BPK's officials or auditors must also have the same commitment and awareness that the completion of the follow-up to the recommendations is the BPK's dignity. If BPK's recommendations are not immediately followed up, then we must immediately analyze whether the recommendations are inappropriate or the entity is not responsive.

"If the recommendations are not appropriate, then BPK's auditors must formulate more realistic and feasible recommendations, so that the BPK recommendations do not become 'Status 4', except for some uncontrollable reasons. However, if the entity is not responsive, then we must try hard to make the entity immediately give response within the stipulated time limit or 60 days since the LHP is received," said Isma Yatun.

The third factor is the commitment and cooperation between BPK's officials and entity's officials to complete BPK recommendations, including recommendations that have been around for a long time. There must be a strong commitment from BPK and entity's officials to immediately complete the TLRHP for which they are responsible.

Isma Yatun said, for the Semester II of 2020 period, the average completion of TLRHP by entities within AKN IV was 69,29%. There are four entities whose TLRHP is above the average value, namely the Coordinating Ministry for Maritime Affairs and Investment (Kemenko Marves), the Ministry of Marine Affairs and Fisheries, the Ministry of Agriculture, and the Ministry of Energy and Mineral Resources. Even for the Coordinating Ministry for Maritime Affairs and Investment and Ministry for Marine Affairs and Fisheries, the TLRHP rates are already above 80 percent. "As for the other 2 entities, namely the Ministry of Public Works and Housing (PUPR) and the Ministry of Environment and Forestry (LHK), they still have to be improved because they are still below the average TLRHP rate," said Isma Yatun.



She emphasized that she and the officials in AKN IV kept encouraging the entities to put the maximum efforts in improving and accelerating the completion of the TLRHP. In every speech at events with entities, Isma Yatun stated that she always inserted a reminder so that the ministers and their staff are committed to accelerating the completion of the TLRHP. Intensive communication is also carried out with the Secretary General, Inspectorate General, and Echelon I of each ministry in the context of the TLRHP settlement process. "We also encourage entities to build task force for accelerating the completion of the TLRHP."

### Utilization of SIPTL

In today's digital era, the use of technology is very influential in every aspect, as well as in the BPK's TLRHP monitoring process. As is known, in monitoring TLRHP, BPK has used the application of the Follow-Up Monitoring Information System (SIPTL).

Isma Yatun said, SIPTL really helped the auditors to monitor TLRHP more quickly, efficiently and in real time. "The use of technology with SIPTL is also expected to increase active participation and help facilitate the entities in the follow-up process so that they can improve the completion of TLRHP," she said.

Entities of AKN IV also welcome the SIPTL application in the implementation of TLRHP monitoring. SIPTL is considered quite helpful and makes it easier for entities to submit TLRHP BPK. This is because the entity can follow up at any time without having to wait for the BPK to carry out monitoring. In addition, there is an automatic early warning feature that is given periodically by the application for reminding them to immediately follow up on BPK's recommendations.

In the current era of the Covid-19 pandemic, said Isma Yatun, the follow-up monitoring process for recommendations is still ongoing. The entities continue to carry out TLRHP as usual through SIPTL which was used before the pandemic. Discussions are still carried out via video conference. "The entire officials of AKN IV and I are committed to keep opening the widest possibility of discussion and communication with the entities in order to accelerate and complete the TLRHP in accordance with the regulations. During the Covid-19 pandemic, we also continue to actively hold discussion meetings on a regular basis through online channel," said Isma Yatun.

To make the recommendations followed up in a timely manner, one of the things that needs to be considered is to ensure that the entity has understood the audit findings of BPK and things that must be done during the implementation of the discussion of audit findings. "Thus, the follow-up plan within a maximum period of 60 days after the recommendations are given, is expected to be fulfilled," she said. Meanwhile, regarding recommendations that have not been followed up for a long time, it is better to identify and communicate with the entities regarding the obstacles and efforts needed to complete the recommendations according to the provisions. ●

### Mandate of Article 20 of Law Number 15 of 2004 concerning Audit of Management and Responsibility of the State Finances

#### Paragraph 1

Officials are obliged to follow up the recommendations in the audit reports.

#### Paragraph 2

Officials are required to provide answers or explanations to BPK regarding the follow-ups of the recommendations in the audit reports.

#### Paragraph 3

The answer or explanation as referred to in paragraph (2) shall be submitted to BPK no later than 60 (sixty) days after receipt of the audit reports.

#### Paragraph 4

BPK monitors the implementation of follow-up of audit results as referred to in paragraph (1).

#### Paragraph 5

Officials who are known to not perform the obligations as referred to in paragraph (1) may be subject to administrative sanctions in accordance with the provisions of regulations regarding the state personnel.

## THE COVID-19 PANDEMIC DOES NOT HINDER THE RECOMMENDATIONS FOLLOW-UP PROCESS

Some audit entities have more than 90 percent of audit recommendations follow-up completion rate.

**T**he Covid-19 pandemic that has hit Indonesia for more than 1,5 years has not hindered the process of completing the follow-up of the audit recommendations. This can be seen from the percentage of follow-ups that has been in accordance with BPK's recommendations as of Semester I 2021, which is 75,9 percent. BPK, in its 2020-2024 Strategic Plan (Renstra) aims a follow-up completion percentage of 75 percent.

"There is no change in the obligation to carry out the recommendations follow-ups from BPK's audit results before and after Covid-19. BPK understands that it is possible for entities to experience difficulties in following up the BPK's recommendations in the midst of this pandemic. However, as far as we observe, during the Covid-19 pandemic there have been no complaints from entities regarding obstacles in following up the BPK recommendations," said Director

General of Audit III Bambang Pamungkas, early September.

During this pandemic, he said, BPK is also willing to be adaptive and more flexible in accommodating discussions with entities related to efforts to follow up the recommendations. If needed, discussions can be held online. However, the monitoring of the audit recommendations follow-ups done by the auditors is still carried out in accordance with state financial audit standards. The auditor still has to verify, test, and confirm the validity of the follow-up evidence to provide confidence that the follow-up of the recommendations is correct.

According to Bambang, some entities had more than 90 percent rate of the completion of recommendations follow-ups. Nevertheless, there are still entities that face difficulties in following up the BPK's recommendations with insignificant progress of completion, one of which is entity that experiences changes in nomenclature.



Aryadi Safutra



■ Bambang Pamungkas

ture, either due to separation or merger. "However, at every opportunity, BPK always encourages the entities to immediately follow up," he said.

He added, BPK always opens the chance of discussions regarding the completion of audit recommendations. This is considered quite effective in encouraging the entity to complete the follow-up of the recommendations.

In monitoring the follow-up of the audit recommendations, BPK has an application for the Follow-up Monitoring Information System (SIPTL). With this SIPTL, entities can upload evidence of follow-up recommendations online. Based on this evidence, the auditor is assigned to review its suitability with the recommendations given and propose the status of the recommendations.

The results of the review and the proposed status of recommendations are reviewed in stages to produce a final status decision. In this pandemic era, SIPTL is expected to play more of a role in assisting the recommendation follow-up process. With this, it is expected that the number and duration of face-to-face meetings between auditors and entities in follow-up monitoring activities can be reduced.

Bambang added that there were various

efforts made by BPK to ensure that the entity carried out the recommendations, like monitoring the follow-up of the recommendations of the BPK audit results every semester. From the results of this monitoring, BPK obtains data on how many recommendations 1) have been followed up, 2) are still in the process of being followed up, 3) have not been followed up at all, and 4) cannot be followed up.

Apart from monitoring activities, BPK also conducts discussions with the respective entities regarding the challenges faced by the entity in completing follow-up actions, providing an understanding of the recommendations given and the form of the follow-ups.

As for the monitoring of the Treasury Claims (TP), it is carried out in the State Loss Settlement Monitoring (PPKN) activity which is also conducted every semester by the BPK. Settlement of TP cases is regulated in BPK Regulation No. 3 of 2007 concerning Procedures for Settlement of State/Regional Losses. "BPK does not discuss the progress of the TP process, but only monitors its status. This monitoring is carried out in accordance with the State Financial Audit Standards (SPKN)," he said.

**All entities run the recommendations**

Bambang said, based on the results of monitoring so far, all entities can implement the recommendations given by BPK. However, the level of completion of recommendations varies between entities. For this reason, BPK provides room for discussion in order to encourage entities to immediately follow up. For any recommendations that cannot be followed up, BPK encourages entities to immediately send application letters and supporting documents, showing that the recommendations cannot be followed up, to BPK.

He said that in the first semester of 2021, 75.9 percent of the recommendations have been followed up completely. The recommendations that have not been completed are 18.3 percent. Then, there are 4.8 percent of recommendations that have not been followed up at all and 1 percent of recommendations that cannot be followed up.

Several entities in the central government with a high level of follow-up completion, among others,

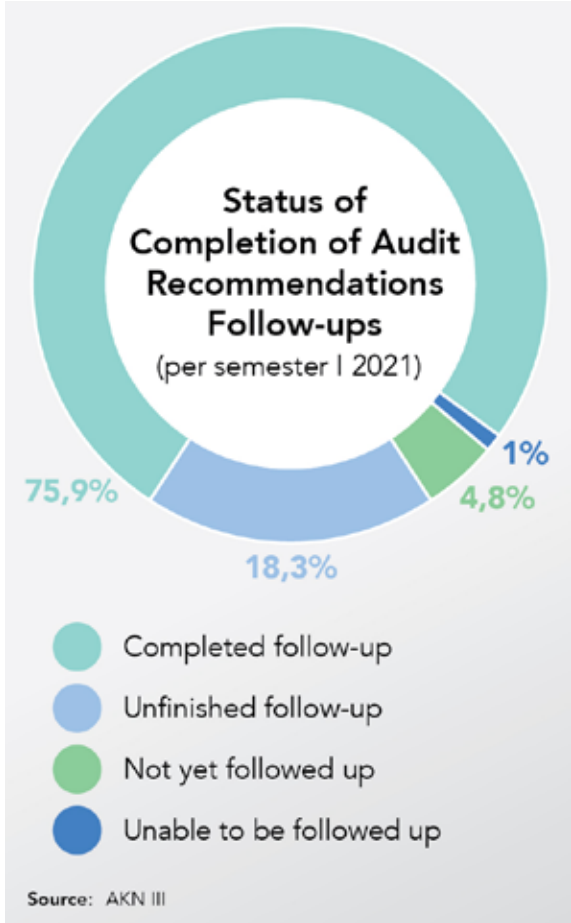
are the National Resilience Council (99.4% completed), The Coordinating Ministry for Political, Legal, and Security Affairs (99.6%), and the Indonesian National Archives (96.4%). Meanwhile, several entities with a low level of follow-up completion include the Ministry of Transportation (40.8% completed), Komnas HAM (43.9%), and the Ministry of Villages, Development of Disadvantaged Regions, and Transmigration (42.2%).

According to Bambang, the successful implementation of the follow-up of the recommendations of the BPK's audit results and the improvement of state financial governance from the results of the follow-up to the BPK's recommendations are indicators of the success of the audit task. "In order to encourage entities to follow up on BPK's recommendations in the future, BPK always tries to improve the quality of the audit, so that it can uncover significant problems and provide recommendations that improve state financial governance and prevent the same findings/problems from recurring in the future," he said.

BPK also conducts discussions with entities in preparing the action plan before the audit report is issued. This is intended to make the entity knows what activities must be carried out in following up these recommendations. BPK will also participate more actively in meeting forums organized by the entities related to audit and inspection, such as supervisory events and follow-up forums that are routinely carried out by the entity's internal inspectorates.

Regarding recommendations related to the legal aspects, Bambang said, each audit working unit always consults with the Directorate General of Legal Affairs in accordance with its expertise. However, in monitoring the follow-ups, there is no difference in treatment between the follow-up monitoring of recommendations related to legal action and not related to legal action.

"It should also be noted that if the recommendation is derived from findings relating to criminal acts, Law Number 15 of 2004 concerning The Auditing of State Financial Management and Responsibility, Article 14 stipulates that, if during the examination a criminal element is found, the BPK shall immediately report the matter to the authorized agency in accordance with the provisions of the legislation," said Bambang. ●







■ Hery Subowo

## DIRECTORATE GENERAL OF INVESTIGATIVE AUDIT STRENGTHENS CALCULATION OF STATE LOSSES

Directorate General of Investigative Audit (AUI) has published 270 reports of Calculation of State Losses (PKN) with the state/regional loss value of IDR 52,87 trillion during the 2017-2021 period.

**T**he Audit Board of The Republic of Indonesia (BPK) is determined to continue to increase its role in eradicating corruption in the country. One of the ways to increase this role is by strengthening the capability of the Directorate General of Investigative Audit (AUI) in calculating State Losses.

The Director General of Investigative Audit (Tortama AUI) in BPK, Hery Subowo, explained that BPK was carrying out a strategic initiative regarding the Enhancement of the Role of BPK in the Eradication of Corruption through the Development of Prevention Strategies Based on the Results of the State Audit. He said the strategic initiative was aimed to realize BPK's vision, namely 'Being a Trusted Institution and Playing an Active Role in Creating Quality and Beneficial State Financial Governance to Achieve The State Goals'. In addition, the strategic initiative is also intended to realize the third mission of BPK, which is to encourage the prevention of corruption and become a role model

for other institutions.

To achieve this, said Hery, there are several strategies being implemented. The first is related to increasing investigative audit capacity. Hery explained that this was done by establishing an Investigative Quality Review System (INQUERY) and a Case Tracking and Handling System (CaTch).

"CaTch is an information system that can be accessed by AUI and authorized agencies to find out the progress of PKN cases that have been requested to the BPK," said Hery while talking to *Warta Pemeriksa*, Friday (10/9).

Hery added that the other steps were to strengthen non-investigative audits based on fraud risk, develop a corruption prevention system at the BPK, and strengthen the corruption prevention system in the audit entities.

"Through the IS (strategic initiative), it is expected that AUI can improve competence as well as facilities and infrastructure to be able to carry out PKN more effectively and efficiently," said Hery.

Hery said that BPK also continues to improve its response to PKN requests. One of the ways to do this is by establishing an Investigative Audit Task Force (IATF) at the BPK Representative Offices. IATF is an Ad-Hoc Investigation Team formed at the Representative Offices who will carry out PKN tasks delegated from AUI. The IATF is also tasked with providing assistance to the audit team in non-investigative audits based on fraud risk.

According to him, there are several goals that BPK wants to achieve from the formation of the IATF Team. The first one is to improve the competence of non-investigative auditors to identify and test fraud risk. Second, to improve the competence of investigation at BPK. Third, to improve coordination and synergy with the authorized agencies. The last one is to increase the synergy between AUI and Representative Offices.

Regarding the Calculation of State Losses, Hery explained that AUI has published 270 PKN reports with a state/regional loss value of IDR 52,87 trillion during the 2017-2021 period. During this period, AUI has also conducted 274 expert's testimony (PKA) in court based on the published PKN reports.

"So far, the state/regional losses that have been calculated by BPK are mostly those which have occurred in state-owned enterprises or regional owned enterprises (BUMN/BUMD)," said Hery.

Hery elaborated that the total state losses that had been calculated based on the PKN's request to the BPK for the state budget (APBN) were IDR 4,97 trillion. Then, the regional budget (APBD) amounted to IDR 1,05 trillion. The BUMN/BUMD losses reached IDR 46,84 trillion. "The state's biggest losses are in the insurance and pension fund sectors," he said.

As is known, in the Audit Reports (LHP) of PKN on Financial Management and Investment Funds at PT ASABRI, BPK found a state loss of IDR 22,78 trillion. Then, in the LHP of PKN on Financial Management and Investment Funds at PT Asuransi Jiwasraya, it was found that the state loss reached IDR 16,80 trillion. Meanwhile, the state loss of IDR 599,42 billion was disclosed by BPK in the LHP of PKN on the Placement of Shares Investment by the Pertamina Pension Fund.

According to Hery, the BPK's greatest achievement related to PKN was when the results of the PKN were used by the competent

authorities in the legal process for criminal acts of corruption and could help convince judges in deciding the case. Of the 270 PKN reports that have been submitted by AUI until the end of June 2021, 55 reports have been used in the investigation process and 215 cases have been declared P-21 (the investigation file is complete).

"In addition, the results of the PKN were also used in the provision of expert's testimony at the trial where until the end of June 2021 all expert's testimonies at the trial (274 PKA) had been used in the demands that were compiled and read out by the public prosecutor at the trial," he said.

### **Coordination with Law Enforcement Officers (APH)**

Hery explained, the APH, or the authorized institutions, are the main stakeholders in PKN. The coordination between AUI and APH is conducted continuously since the PKN request, execution, reporting, as well as providing information in front of investigators on the results of the PKN, and summoning experts in court to provide information regarding state/regional losses as stated in the PKN report.

In fact, he said, several authorized agencies had begun to coordinate with AUI since the case was in the preliminary investigation stage to ensure that the case did indeed result in state losses. This coordination is carried out before the authorized agency conducted a hearing to raise the case to the full investigation stage.

"If the PKN request from the authorized agency cannot be followed up with PKN, AUI will also continue to coordinate with the authorized agency to obtain additional evidence needed so that the loss in the case can be calculated," he said.

BPK also routinely coordinates with the authorized agency through meetings to share perceptions, discuss the obstacles faced, and other necessary matters.

He emphasized that AUI, in accordance with its main duties and functions, was indeed established to conduct investigative audits aimed at litigation purposes. Thus, the authorized agency is the party that receives the output of the results of the AUI audit, whether it is an investigative audit aimed at finding indications of a criminal act or an investigative audit aimed at calculating state/regional losses.

The results of the investigative audit submit-

ted by the BPK can be used in a full investigation of criminal act of corruption case that results in state losses, in this case Article 2 and/or Article 3 of the Corruption Law. Meanwhile, the results of the PKN will be used by the authorized agency in the process of full investigation, prosecution, and trial of corruption cases.

"The results of the survey conducted by the BPK to the authorized agencies on the benefits of the results of the investigative audit (PI) and PKN shows that the results of the BPK audits are very helpful for the authorized agencies to convince judges of corruption cases that are being examined in court," said Hery.

## Stages of State Losses Calculation (PKN)

**1**

### PRE-PLANNING STAGE

- PKN Pre-planning is the stage to ensure the adequate predication to do investigative audit in order to calculate state losses, so that the PKN can be conducted objectively and accountably.
- In PKN, predication is obtained from the authorized agency.
- PKN pre-planning includes receiving and administering PKN requests from the Authorized Agencies as well as implementing the Preliminary Information Review (PIA).
- If the results of the pre-planning show that irregularities with indications of criminal acts resulting in state losses are found, an assignment for PKN will be proposed.

**2**

### PLANNING STAGE

- PKN planning is a process that is carried out after the approval of the PKN as the basis for determining the objectives, scope, and resources needed in the PKN process.
- PKN planning is needed so that the audit can be carried out efficiently, effectively, and in accordance with the audit standards set by the BPK.
- The output of the PKN planning process is the Audit Program (P2) and a letter of assignment.

**3**

### IMPLEMENTATION STAGE

- Implementation of PKN is the realization of PKN planning to collect sufficient and appropriate evidence to conclude the real and definite value of state/regional losses as a result of irregularities indicating criminal acts.
- The PKN team does not only receives evidence through investigators, but can also carry out self-examination procedures to obtain the necessary evidence. The acquisition of evidence must still be coordinated with the investigator so that the examination evidence obtained by the team can be converted into legal evidence that will complete the case file that is being prepared by the investigator.
- The conclusions obtained based on the results of the PKN are then communicated with the investigators to ensure the conformity of the irregularities found with the construction of unlawful acts (PMH) built by the investigators and to ensure the suitability of the audit evidence that forms the basis for the conclusions of the audit team with the legal evidence possessed by the investigator.

**4**

### REPORTING STAGE

- PKN reporting is the process of preparing reports based on the conclusions obtained during the audit implementation.
- The PKN Audit Report (LHP) is submitted to the Authorized Agency to be used in the legal process that is being carried out by the Authorized Agency.
- This PKN LHP will also be used by experts appointed by the BPK to provide testimony/information before the court.

## Regional Loss Calculation

In addition to being authorized to calculate state losses, BPK, through the AUI is also authorized to calculate regional losses. Regional losses are calculated by the Regional Financial Investigation Auditorate.

"Regional Financial Investigation Auditorate is responsible for the calculation of regional losses, in addition to the assignment of state losses calculations, investigative audits, and expert's testimony provision," said the Head of the Regional Financial Investigation Auditorate, Muhamad Toha Arafat.

He explained that the calculation of regional losses also referred to BPK Regulation Number 1 of 2020 concerning Investigative Audits, Calculation of State/Regional Losses, and Provision of Expert's Testimony. In addition, it refers to BPK Decree Number 2/K/I-XI-II.2/4/2020 concerning guidelines for investigative audit management, state/regional losses calculation, and expert's testimony provision. In accordance with the decree, the stages of Investigative Audit, Calculation of State Losses and Provision of Expert's Testimony (PI-PKN-PKA) include the pre-planning, planning, implementation and reporting stages.

The requirements or criteria for the Regional Financial Investigation Auditorate to calculate regional losses are the same as the requirements for calculating state losses. At the pre-planning stage, the first requirement, he said, was that the calculation of state/regional losses could be carried out if requested by a law enforcement agency (IPH). The request must be submitted in writing by the head of the IPH or the authorized agency to the Chairman of the BPK.

Second, the request was approved by the Chairman of the BPK, and ordered, in this case through the General Director of AUI to carry out the presentation. Third, at the time of the presentation, it was confirmed that the request for calculating losses had never been requested by another IPH, the IPH had never asked for a calculation of losses to other agencies, and the handling of cases by IPH was already at the full investigation stage. The results of this presentation are contained in the minutes of exposure which include, among other things, the completeness of data and information that still needs to be completed which is followed up with a letter issued by the Head of the IKD Auditorate to IPH.

Regarding the speed of completion of the calculation of state/regional losses, Toha explained that this greatly depended on the speed of providing data and information from APH both during pre-planning, planning and implementation. Therefore, the Regional Financial Investigation Auditorate always gives reminders. If three months have elapsed from the time of exposure, a letter is issued to remind the documents and



■ Muhamad Toha Arafat

information that must be completed, especially if they are not proactive.

"If there is no response/confirmation regarding the fulfillment of the data shortage, a month later a letter will be issued from Mr. Tortama to the IPH and the cooperation will be terminated. Because if the termination of the cooperation is not carried out, it will be the responsibility of the BPK. So, there must be a provision for the termination of the cooperation so that it does not become the responsibility of the BPK," he said.

Another thing that becomes an obstacle is the difference in understanding between IPH and BPK regarding the adequacy and accuracy of audit evidence. It is undeniable that law enforcement institutions have their own methods and it will be difficult to accept the BPK method to obtain sufficient and appropriate evidence for drawing conclusions. As solution, BPK explains the methodology of the calculation method that underlies the calculation.

Another challenge is the lack of number of investigative auditors. There are only 96 auditors at AUI. However, this limitation is not an excuse for not calculating state/regional losses accurately and quickly. BPK overcomes these obstacles by forming an Investigative Audit Task Force (IATF) by involving auditors at the BPK Provincial Representative Offices.

"Workshops related to IATF have been conducted and opened by Mr. Waka (Vice Chairman of BPK Agus Joko Pramono) with all Heads of Representatives. Simultaneously, we also provide investigative audit training to auditors proposed by the Heads of Representatives. We have pioneered cooperation with seven Representative Offices determined by AKN V and AKN VI which can represent regional coverage and types of representatives. So, AKN V proposed three representatives of types A, B, C, namely Representatives of West Java, Jambi, Banten. Then AKN 6 proposed four, namely representatives of South Sulawesi, South Kalimantan, Bali and Gorontalo," he said. ●



## SIPTL MAKES THE RECOMMENDATION FOLLOW-UPS MONITORING EASY

During the current Covid-19 pandemic, the use of SIPTL is very helpful because TLRHP monitoring can be done without face-to-face meetings.

**L**aw Number 15 Year 2004 concerning the Audit of Management and Responsibility of The State Finance instructs officials or audit entities to follow up on any recommendations of the audit results of The Audit Board of The Republic of Indonesia (BPK). To facilitate the follow-up monitoring, since January 6, 2017 BPK has used an application called the Follow-Up Monitoring Information System (SIPTL).

Head of the Directorate of Audit Evaluation and Reporting (EPP) of BPK, Yuan Candra Djaisin, explained that SIPTL was a web-based application that accommodates the needs of stakeholders in the implementation of the follow-up monitoring process by connecting the BPK (auditorate/representative) with the audit entities in real time. "So, the implementation of monitoring is more efficient and effective. In addition, SIPTL is also a monitoring tool for follow-up monitoring performance for BPK," Yuan said to *Warta Pemeriksa*, Tuesday (22/9).

There are several benefits of using SIPTL. First, the follow-up data on audit results recommendations (TLRHP) is more up-to-date, accurate, and informative. The TLRHP monitoring process has become uniform and faster.

"TLRHP has also become documented in the database. Besides, it can reduce monitoring costs (minimize face-to-face meetings). It is also environmentally friendly because it needs less papers," he said.

Yuan explained, SIPTL was one of the efforts to reach BPK's vision in the 2016-2020 Strategic Plan, which was "Fostering public administration to achieve State goals through the provision of beneficial and high quality audits."

The reason of making SIPTL is to increase the

percentage of completion of recommendations follow-up by the entity. Yuan said the TLRHP completion rate at that time was still 61 percent, still far below the 2020 target of 80 percent.

Before there was SIPTL, he said, TLRHP monitoring was still done manually. The monitoring process is relatively slow.

According to Yuan, the use of SIPTL has so far been quite effective in increasing the percentage of follow-up of recommendations. "This can be seen from the increase on the follow-up status per semester which is declared to have been in accordance with the recommendations."



■ Yuan Candra Djaisin

Many entities have also used SIPTL. They were even very enthusiastic to ask for socialization or guidance regarding the use of SIPTL.

Yuan explained that for audit reports (LHP) that were published since 2017, TLRHP monitoring must use SIPTL. As for the LHP which was published in 2005-2016, the monitoring of TLRHP used the Audit Management System (SMP). However, the working units that had used SIPTL for LHP before 2017, may continue to use SIPTL. TLRHP data will be withdrawn from SMP starting from the period of 2019 IHPS Semester II.

During the current Covid-19 pandemic, the use of SIPTL is very helpful because TLRHP monitoring can be done without face-to-face meetings. Moreover, if there are things that need to be confirmed, it can be done online through the Zoom application or the mail feature in SIPTL.

Yuan added that BPK would continue to develop SIPTL. In the future, the system interface

will be designed to be more user-friendly, making it easier to use. Other developments are related to internal user management, so that the temporary officials (plh or plt) can carry out tiered validation/reviews.

In addition, from the level of echelon III (Kasubaud) up to the Board Members will be provided with assisting staff for tiered validation/review.

In terms of external user management, he said, three inputter roles would be added, namely Admin, Inspectorate Inputter, and Working Unit Inputter. "This is done to accommodate requests from entities with large organizational structures such as the Ministry of Finance, the DKI Regional Government, and others," he said.

SIPTL will also be able to include follow-up materials. Thus, if there is any insufficient evidence/documents, the entity can input it as a follow-up material and will be treated as an integral part of the previous follow-up material. ●

## SIPTL Mechanism

1

The auditor inputs the LHP into the SMP application which is then validated by the Head of Sub-auditorate (Kasubaud).

2

BPK (TU Secretariat) inputs BAST or LHP Delivery Receipts to entities through SIPTL.

- Follow-up monitoring starts when the LHP BAST is inputted or the receipt is validated.
- SIPTL will automatically send notification via email to entities regarding follow-up monitoring time (>30 days, >45 days, & >60 days).

3

Entity's admin/inputter shall record the recommendations follow-up materials accompanied by supporting evidence on BPK's recommendation through the e-auditee portal.

4

Kasubaud conducts initial verification of the recommendations follow-up inputted by the entity (checking if it is relevant or not to the recommendations issued by the BPK). If it is not relevant/sufficient, Kasubaud will return it to the entity via SIPTL application (done by pressing "not sufficient" button).

5

If the follow-ups and supporting evidence are adequate/relevant, the process will be continued with a review by the assigned auditor/team and a tiered review. (Status 1 and 4 will be reviewed in stages up to the Board Members. Status 2 and 3 will be reviewed in stages up to Director General of Audit/Head of Representative).

6

Entities can monitor the status of follow-up through the portal e-auditee.



■ Adi Sudibyo

## INCREASING THE FOLLOW UP OF AUDIT RECOMMENDATIONS BY INTENSIFYING THE COMMUNICATION

Auditor's encouragement drives the enthusiasm of Local Government in following up the audit recommendations

**T**he audited entities of BPK Regional Office of East Nusa Tenggara recorded a significant increase in the percentage of follow up of audit recommendations. In the past, in the beginning of 2019, the audited entities of this regional offices were identified for its low percentage on follow up of audit recommendations with only 42.13 percent of follow up.

"In early 2019, when I was first appointed as the Head of BPK Regional Office of East Nusa Tenggara, the percentage of follow up of audit recommendations was only 42.13 percent. Currently, the percentage of follow up of audit recommendations reaches 66.73 percent", said the Head of BPK Regional Office of East Nusa Tenggara, Adi Sudibyo, to *Warta Pemeriksa*, recently. He stated that, previously, the communi-

cation between BPK Regional Office and the Local Government was not optimal. Therefore, the local government found that it was difficult to follow up BPK's audit recommendations.

This condition was caused by the recurring problems over the years. Therefore, it was not surprising that the percentage of follow up of audit recommendations was only ranged between 42 to 48 percent. Adi explained that in 2019, there were only two audited entities that received an unqualified opinion. In the past, most of the audited entities in East Nusa Tenggara received a qualified opinion. This condition has been occurred for years. Some audited entities even received a qualified opinion for 11 to 15 years. "This condition stagnates and affects the follow up of audit recommendation. It indicates that the local government is stuck. Therefore, it is our



**The past findings are difficult to be traced and followed up, especially when the Local Government has changed the officials for 5-6 times and make it stuck. Because of that, many of our audit recommendations could not be followed up.**

signal to start the improvements. We start to intensify our communication with Local Government and find the root causes of those recurring problems,” he said.

He found that the root cause was the need to optimize the strategic role of BPK’s auditor in encouraging the Local Government to follow up the audit recommendations. After mitigating this root cause, the percentage of follow up of audit recommendation steadily reached 66.73% Although there are some audited entities whose percentage of follow up is volatile, most of them are having more courage to increase the percentage of the follow up.

For instance, Malaka Regency which previously recorded the percentage of follow up of audit recommendations for 30 percent, it has reached 79.50 percent for now. In the past, the low percentage of follow up of audit recommendation in Malaka Regency was caused by the limitation on facilities, e.g. internet connection, scanner, etc. These limitations are then mitigated by BPK Regional Office of East Nusa Tenggara by allowing the audited entities to bring, scan, and input the documents to the Audit Follow Up Monitoring Information System (SIPTL) using BPK Regional Office’s facilities. “Based on my observation, actually, there are some Local Governments who already have a high courage to follow up BPK’s audit recommendations, although there are still some, not many, Local Governments, whose courage is still lacking,” he said.

Adi saw the experience of Malaka Regency as a valuable lesson where auditor’s encouragement drives the enthusiasm of

Local Government in following up the audit recommendations. “The communication between BPK and Local Government need to be continuously maintained so that the Local Government could consult the problems directly to BPK while BPK provides the best solution in order to improve the percentage of follow up, especially for the recommendations that seems impossible to be followed up,” he said.

In addition, Adi also emphasized that key officials assigned in Local Government, including the Inspectorate, need to be more competent. “There are Local Government officials who tend to be passive and difficult to coordinate. We hope that those key officials had more understanding on the mechanism and more active in following up the audit recommendations,” he explained.

Another problem is the uncompleted follow up of past audit recommendations, for example, the uncompleted follow up related to an overpayment finding in Local Government officials whose name is quoted as initial in audit report. This initial quotation made it difficult for BPK and Local Government to trace the exact person who is responsible for this findings/recommendations, especially for findings/recommendations that existed before BPK Regional Office of East Nusa Tenggara was established.

“The past findings are difficult to be traced and followed up, especially when the Local Government has changed the officials for 5-6 times and make it stuck. Because of that, many of our audit recommendations could not be followed up. This is indeed our challenge ahead,” he said.

Based on the data of SIPTL, Adi said that there are seven audited entities that have a percentage of follow up of audit recommendation more than 75 percent, while 13 entities are 60-70 percent, and 3 entities are under 60 percent. Therefore, in order to increase the commitment of audited entities, BPK Regional Office of East Nusa Tenggara has established a communication channel between the Head of Sub Directorate of Audit and Regional Inspectors using Whatsapp application. This communication channel could be the medium for the auditor to remind the Inspectorate to keep following up the audit recommendations. ●



## TARGETING 90% OF FOLLOW-UP COMPLETION

As the State General Treasurer (BUN), the Ministry of Finance also monitors BPK's TLRHP which the authority lies at other ministries/agencies.

**T**he Ministry of Finance seeks to increase the completion rate of the follow-up actions from BPK. As a matter of fact, the Ministry of Finance has initially targeted 90% of the follow-up completion.

"This ministerial instruction is very challenging since there are findings from audits that are more than 10 years ago and recommendations that are difficult to follow up. In addition, there are also recommendations regarding policies which require more than one year for completion," said Inspector General of the Ministry of Finance, Awan Nurmawan to *Warta Pemeriksa*.



■ Awan Nurmawan

kemenkeu.go.id

He further explained the mechanism for monitoring of the follow-up on the audit recommendations at the Ministry of Finance. According to him, the scope of work of the Ministry of Finance covers the functions of fiscal management, BUN management, and management of ministries'/agencies' budget. Accordingly, the Ministry of Finance is a strategic unit that BPK audits with high intensity.

With this specificity, he said, the Ministry of Finance technically formed three coordinators who continue to work together in carrying out the monitoring of follow-up. The three coordinators are the Inspector General as the coordinator of the monitoring of follow-up of performance and PDD, the secretary general as the coordinator of the monitoring of follow-up of LK BA 15 and DJPB as the coordinator of monitoring of follow-up of LKPP and LKBUN audits.

Awan added that the mechanism for monitoring of follow-up on the audit recommendations (TLRHP) at the Ministry of Finance has worked well. It begins with the issuance of the audit report and the BPK's semi-annual follow-up monitoring report. "In general, the monitoring of follow-up is carried out by the coordinator for each echelon unit 1, either through the internal compliance unit, or directly to the technical unit in charge of the follow-up," he said.

He added that the role of the Inspector General as APIP of the Ministry of Finance is to provide verification of the follow-up documents provided by the echelon 1 unit before submission to BPK. After verification by the Inspector General, the monitoring results from the echelon 1 unit are then prepared for submission to BPK as a follow-up for evaluation and discussion with BPK.

In its implementation, he said, there are still some difficulties and challenges to complete the follow-up on the recommendations of the audit results. Some of the challenges

include, firstly, recommendations involving other ministries/agencies/local government; secondly, recommendations related to policies which require a longer period of time for preparation; thirdly, recommendations involving a monetary value that still require re-examination due to differences in the interpretation of the rules; fourth, recommendations with too many detailed data to complete; and fifthly, recommendations related to disputes (which was not completed during the discussion of the concept of audit results).

"In addition to the intensity of the discussion that needs to be increased, we believe that this effort will show results more quickly with the support from BPK, both at the technical level and the leadership level in resolving the findings/recommendations that have the potential to be dispu-

ted and difficult to follow up," said Awan.

He also mentioned that, to achieve 90% of the follow-up completion target, the Ministry of Finance has also made various efforts. First, it has mapped the recommendations that are difficult to follow up by identifying the problems related to the findings, types/groups of recommendations, locations, and work units that must carry out the follow-up. Second, it carries out intensive coordination with the echelon 1 unit on the result of the mapping of recommendations. Third, it carries out intensive coordination with other ministries/agencies through APIP. Fourth, it introduced the initiative to hold a high-level meeting between the Ministry of Finance and BPK to resolve recommendations which are disputed and are difficult to follow up.



Awan added, as the State General Treasurer (BUN), the Ministry of Finance also monitors the TLRHP of BPK the authority of which lies with other ministries/agencies based on the result of the financial statements of BUN. The monitoring is carried out through inter-ministries/agencies meetings and correspondence through official documents carried out by the relevant person in charge of the budget section with the relevant ministry/agency counterparty.

"Our shared commitment to complete the TLRHP of BPK has encouraged us the ministries and agencies to continue to work hand in hand to establish good synergy. This is evidenced by the fact none of BPK's recommendations has a status

of having not been followed up," he explained.

This optimization includes updating the TLRHP data so that it is always relevant and current. This corresponds to the result of BPK's TLRHP discussion in each semester and issuance of new LHP so that the submission and follow-up assessment does not have to be done manually.

He also appreciated BPK for developing the Follow-Up Monitoring Information System (SIPTL) in 2016 and tested it in each ministry/agency. Based on his experience, he said, its utilization for monitoring of TLRHP at the Ministry of Finance still needs to be optimized.

"We hope that the measure will allow BPK to carry out the evaluation of follow-up of recommendations real time so that it is more efficient. We have a high expectation that the optimization of the use of information technology will enable the delivery of follow-up to be more efficient, fast, complete, and accurate," said Awan. ●



In addition to the intensity of the discussion that needs to be increased, we believe that this effort will show results more quickly with the support from BPK, both at the technical level and the leadership level in resolving the findings/recommendations that have the potential to be disputed and difficult to follow up.

### Suggestions to BPK regarding audits and follow-ups on the recommendations include:





## ENCOURAGING THE QUARTERLY FOLLOW-UP COORDINATION

Dissemination of the mechanism and procedures for follow-up on BPK's recommendations through the application to the ministries/agencies is necessary.

**T**he Ministry of Transportation has requested the Audit Board of Indonesia (BPK) to assist in the completion of the audit follow-up. The assistance required, among other things, is related to the implementation of quarterly follow-up activities scheduled by the ministry. This is also one of the steps taken to accelerate the completion of the follow-up.

"Before the follow-up is officially carried out by BPK, we hope BPK can help and guide us in the implementation of the quarterly follow-up that we have scheduled. So, if any of documents required for the follow-up is not available yet, we can complete them before the official follow-up by BPK," said Gede Pasek Suardika, Inspector General of the Ministry of Transportation, to *Warta Pemeriksa*, recently.

In addition, Pasek also mentioned the schedule for the supervision program by the directorate general of audit I (AKN I) of BPK at the Ministry of Transportation. He requested that the ministry be informed earlier so that it can arrange the supervision schedule in its annual supervisory work program.

Moreover, he said, communication between the ministry and BPK related to the follow-up of the entity goes very well. This can be seen at the time of the follow-up update carried out every semester. The Ministry of Transportation is always given advice and steps for completion of the recommendations.

He further explained that the follow-up on BPK's recommendations by the Inspectorate General of the Ministry of Transportation has been carried out periodically, by reconciliation and progress monitoring on a quarterly basis with the echelon 1 work units.

The next stage is to report the progress of the follow-up data to the Minister of

Transportation and echelon 1. Then, it is to report the progress of the follow-up to the auditee/work unit. In addition, a warning is given to the work unit/auditee which has not followed up within the time given or has failed to follow up on findings and recommendations that have taken too long to be addressed.

"Until now, there are no recommendations that fail to be followed up. However, more intensive monitoring is needed, especially in connection with recommendations which require coordination/completion from agencies outside the Ministry of Transportation," said Pasek.

He also mentioned several difficulties and challenges faced by the ministry in implementing the audit recommendations of BPK. These include the death of the person in charge of follow-up and when the company in charge of the follow-up is not known.

This is a challenge related to the synergy between agencies in the follow up on findings/recommendations that require coordination with agencies outside the Ministry of Transportation. The example presented is about the case of land acquisition.

Regarding this issue, he said, the Ministry of Transportation also made several efforts, for example, by asking for advice from the Ministry of Finance's Committee for State Receivable Affairs (PUPN). This is related to the settlement of compensation which is difficult to follow up because the person in charge has died and the whereabouts of the company are unknown.

"We also held intensive coordination meetings with work units and echelon 1 work units for assistance and alternative solutions to problems related to coordination with agencies outside the Ministry of Transportation," he said.





■ Gede Pasek Suardika

dephub.go.id

Pasek also supports BPK's efforts to use technology to make it easier to monitor the follow-up of audit results. According to him, the Inspector General of the Ministry of Transportation strongly encourages the use of IT and digitalization to follow up on BPK's recommendations. This is considered important since BPK's audits and recommendations have a large impact and benefit on the ministry. The recommendations, he said, provide an opinion on the policies that have been taken and what choices can be made and improved.

However, he added, it is necessary to disseminate the mechanism and procedures for following up on BPK's recommendations through the application to all relevant ministries/agencies. "In the future, we hope that the application that BPK has can be integrated with SIMPeL (External Oversight Result Monitoring Information System) that BPK has been built with the Inspectorate General," he said.

This is considered important since BPK's audits and recommendations have significant impacts and benefits on the ministry. The recommendations, he said, provide an opinion on the policies that have been taken and what choices can be made and improved.

"It is expected that this will improve the performance and accountability as well as the transparency of programs and activities that have been carried out by the Ministry of Transportation," said Pasek. ●



Before the follow-up is officially carried out by BPK, we hope BPK can help and guide us in the implementation of the quarterly follow-up that we have scheduled. So, if any of documents required for the follow-up is not available yet, we can complete them before the official follow-up by BPK.

## USING SIPTL TO EXPEDITE THE FOLLOW UP OF AUDIT RESULTS

Challenges in following up audit results include those involving third parties.

**T**he Ministry of Social Affairs submits inputs to the Audit Board of the Republic of Indonesia (BPK) regarding the completion of the follow up of audit results (TLHP). The inputs include the data input on SIPTL (Follow Up Monitoring Information System) application, suggesting that it can be opened any time to expedite the completion of the follow up of audit results. "It is also expected that BPK's audit results have been final that the Inspectorate General will not necessarily have to conduct a follow-up audit," Inspector General of the Ministry of Social Affairs Dadang Iskandar recently told *Warta Pemeriksa*.

He explains that SIPTL is BPK's application used to report progresses of the follow up of audit results. It is very helpful in monitoring the progress of the follow up completed by the entities.

The Ministry of Social Affairs, he further mentions, has used SIPTL to monitor the follow up progress. It also facilitates data reconciliation between the audit team and the ministry concerning the presentation of the monitoring report. "The sooner the audit results are being followed up, the better the improvement progress of programs/activities," Dadang said. This, he says, is another form of communication between Ministry of Social Affairs and BPK. Moreover, the communication between the two parties has been effectively running this far. Communication is carried out through regular/monthly discussion on the follow up progress/reconciliation between BPK and the Inspectorate General and sampled working units.

He considers that BPK's audit has been going on well to ensure quality and accountability of the financial management during the pandemic. BPK's audit greatly affects the process of implementing effective, efficient, economical and accountable programs of the Ministry of Social Affairs.

Therefore, Dadang explains, the Ministry of Social Affairs always immediately follows up BPK's recommendations. It is done based on the assigned letter of the Minister of Social Affairs and monitored periodically by special staff of the Minister as coordinated by the Inspectorate General.



■ Dadang Iskandar

kemensos.go.id

"BPK's audits greatly contribute to improving the performance of the Ministry of Social Affairs. With the recommendations stipulated in the audit report, it can improve the performance quality of programs/activities of the Ministry of Social Affairs," he explained.

The Minister of Social Affairs is said to have always provided directions demanding the Ministry to ask for assistance from law enforcement officials (APH) including from the Attorney General, the National Police, the Finance and Development Supervisory Agency (BPKP) and the National Public Procurement Agency (LKPP) whenever it finds difficulties in following up audit results.

He also acknowledges that there are several challenges faced by the Ministry of Social Affairs in following up BPK's audit results. These challenges include, among others, the follow up whose settlement involves the third party and those involving other agencies, like in the completing the follow up of audit finding related to state assets.

In this regard, he continues, the Ministry of Social Affairs has done several things as the solution, starting from making a statement of absolute responsibility (SKTJM) to coordinating with related agencies such as DJKN (Directorate General of State Assets), Dukcapil (Directorate General of Population and Civil Registration) and Himbara (State-Owned Banks Association).

"There are still several recommendations that cannot be followed up. Regarding this matter, we propose TPTD (findings that cannot be followed up)," he said. ●

# Request for Information & Public Complaints Are Now Easier Using **PPID BPK Mobile**

**Download Now on Playstore,  
BPKawan!!**





## IMPROVING THE ACCURACY OF BPUM DISBURSEMENT

There were 418,947 people who did not meet the criteria as recipient but received the BPUM disbursement, with a total distribution value of Rp1 trillion.

**T**he Audit Board of the Republic of Indonesia (BPK) carried out an audit on the distribution of Aid for Micro Business Actors (BPUM) under the 2020 National Economic Recovery (PEN)

program at the Ministry of Cooperatives and Small-Medium Enterprises (UKM) and other relevant agencies. From the audit, BPK revealed a number of material findings that were not in accordance with the laws and regulations.



farel yesha/unsplash





**To evaluate, refine, and revise the Minister's regulation as well as the implementation guidelines for the distribution of BPUM by considering the internal control system for an adequate micro-business data validation mechanism.**

One of these findings as stated in the Audit Report was the proposal for prospective beneficiaries of assistance was not supported by a complete data and had not yet verified. Also, BPUM beneficiaries were not based on completed data.

"There was a distribution of BPUM to 418,947 people who did not meet the criteria as recipients valued at Rp1 trillion," the audit report stated.

BPUM is an activity under the National Economic Recovery Program (PEN) carried out by the Ministry of Cooperatives and SMEs. It is a monetary aid given to micro-enterprises to help businesses going without the need to return the money. Micro-enterprises refer to productive businesses owned by individuals and/or individual business entities that meet the criteria for micro-enterprises as regulated in Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprises.

BPUM of Rp2.4 million is given one time for each business actor who meets the criteria. The funds are given directly to the BPUM recipient account through the designated channeling bank.

BPK found that 56 BPUM recipients were state civil apparatus (ASN) and TNI/POLRI; 2,413 beneficiaries with the same ID number received the assistance more than once; 29,060 recipients were not micro-enterprises; 144,802 recipients were currently receiving credit or other banking loans; and 25,912 recipients are receiving credit or KUR loans. In addition, 207,771 recipients had ID numbers that did not match the Population and Civil Registration database in the Ministry of Home Affairs, and as many as 8,933 recipients had died.

Based on these issues, BPK recommends the Minister of Cooperatives and SMEs to plan BPUM activities optimally. "To evaluate, refine, and revise the Minister's regulation as well as

the implementation guidelines for the distribution of BPUM by considering the internal control system for an adequate micro-business data validation mechanism."

In addition, BPK also recommends the Minister to stop the BPUM distribution to recipients who do not meet the criteria and impose sanctions in accordance with applicable regulations to BPUM Commitment Making Officials (PPK) for their lack of accuracy in performing duties.

### **Ready to Follow-Up**

To respond, Minister of Cooperatives and SMEs Teten Masduki is ready to follow up on any recommendations given by BPK. He stated that BPK's findings raised awareness among all parties that provide guidance to Micro, Small, and Medium Enterprises (MSMEs) on the importance of credible and up-to-date data availability.

"We will make continuous improvements in collecting recipients data based on BPK's recommendations, stated the Minister of Cooperatives in a written statement to *Warta Pemriksa*, Friday (23/7).

Teten explained that these would include cooperating with the Directorate General of Population and Civil Registration in collecting data of target recipients. Also, monitoring and evaluation will continue to be carried out by the Government Internal Supervisory Apparatus (APIP) as part of the early warning system. "With the collaboration of all parties, hopefully the risk of inaccurate recipients of BPUM can be minimized," he said.

Teten added, the Ministry of Cooperatives and SMEs is also trying to create a single data system for SMEs. Currently, it is in the process of preparing the Master Plan for Information Technology Development (RIPTI) as a grand design for developing IT as basis for the application of a single data of MSMEs. ●

## ENSURING SOCIAL ASSISTANCE IS GIVEN TO THE RIGHT TARGET

BPK provides recommendations to the Minister of Social Affairs to be more optimal in verifying and validating KPM PKH data.

**T**he Audit Board of the Republic of Indonesia (BPK) provides a number of recommendations to the Minister of Social Affairs

to improve the quality of distribution of social assistance (bansos). One of these recommendations is to improve the process of data collection, verification, and validation of the Integrated Social Welfare Data (DTKS) so that the distribution of social assistance is right on target.

BPK has carried out compliance audit on the Management and Responsibility of State Finances in Handling Covid-19 Pandemic in the year of 2020 at the Ministry of Social Affairs and other relevant agencies in the provinces of DKI Jakarta, West Java, Central Java, East Java, Banten, Lampung, and Bali. The results of BPK audit revealed a number of findings that had an impact on the quality of social assistance distribution.

### A number of BPK's findings

#### 1 DTKS January 2020 is Invalid:

- There are 10,922,479 invalid NIK of the household members (ART).
- Invalid family card numbers as many as 16,373,682 household members.
- Empty names of 5,702 household members and 86,465 double NIK's.

#### 2 The implementation of data collection, verification, and validation activities by the local government has not been adequate.

#### 3 The determination of the integrated database (BDT)/DTKS in 2020 does not take into account all poverty criteria.

#### 4 Problems with the distribution of social assistance, including:

- There are double NIK of PKH social assistance recipients at each stage/month as many as 748,505 KPM with a distribution value of Rp240.98 billion.
- There are non-performing KPMs that are still designated as PKH KPMs and received social assistance in 2020 amounting to Rp273.29 billion.
- There are KPM PKH who are no longer entitled to receive social assistance due to their non-eligible status but still being paid until September 2020 amounting to Rp58.92 billion.

**Source:** Compliance Audit Report on Management and Responsibility of State Finances in Handling the 2020 Covid-19 Pandemic at the Ministry of Social Affairs and other agencies.

One of the findings, DTKS Determination in January 2020 was invalid. Quoted from the Audit Report (LHP), in detail there were 10,922,479 invalid population identity numbers (NIK), 16,373,682 household members (KK) invalid family card numbers, 5,702 empty names, and double identity numbers as many as 86,465 numbers.

Then, the implementation of data collection, verification, and validation activities by the local government has not been adequate. BPK noted that there were 47 regencies/cities that had never finalized the data for the determination of DTKS and verification and validation activities were only carried out on a small part of the data in DTKS.

The determination of the integrated database (BDT)/DTKS in 2020 does not take into account all the poverty criteria set by the Ministry of Social Affairs. A total of five poverty criteria based on the Decree of the Minister of Social Affairs Number 146 of 2013 were not applied in data collection activities as well as verification and validation. Then, the data in the January 2020 DTKS did not meet the poverty criteria that had been set.

BPK also found problems in distributing the assistance in the Ministry of Social Affairs, which is the double identity data of recipients of social assistance (bansos) -PKH (Program Keluarga Harapan) at each stage/month as many as 748,505 Beneficiary Families (KPM) with a distribution value of Rp240.98 billion. In addition, there are problematic KPMs which still received the social assistance in 2020 amounting to Rp273.29 billion. There are also PKH KPMs that are no longer entitled to receive social assistance because of their non-eligible status but still being paid until September 2020 amounting to Rp58.92 billion.

Then, as many as 499,290 KPM PKH have not utilized the social assistance amounting to Rp495.87 billion. The Social Assistance for the Basic Food Program was distributed to 593,163 KPMs with dual NIK and 2,087,911 KPMs with invalid NIK. The Social Assistance for the Basic Food Program was distributed to 1,035,331 identical double KPMs and 569,093 double KPMs within one family are not yet fully returned to the state treasury. Then, the distribution of cash social assistance (BST) of 289,838 KPM was not in accordance with the provisions, because there were more than one BST recipient KPM in

one family, had multiple NIKs, and had received other assistance such as the PKH social assistance and the Basic Food Program.

"This problem has resulted in the distribution of aid to KPM not being well targeted and eliminating the opportunity for poor and other vulnerable families to receive assistance, so that the objectives of the Covid-19 Handling Program and the National Economic Recovery (PC-PEN) are at risk of not being achieved," said BPK in the Compliance Audit Report. on the Management and Responsibility of State Finances in Handling the Covid-19 Pandemic in 2020 at the Ministry of Social Affairs and Other Agencies.

BPK submitted a series of recommendations to the Minister of Social Affairs to improve the distribution of the social assistance. BPK recommends the Minister of Social Affairs to instruct his staff to coordinate with related parties to improve coordination and cooperation with local governments in the process of data collection, verification, and validation of DTKS carried out by local governments. In addition, facilitating local governments in matching DTKS with NIK, as well as evaluating DTKS updates carried out by local governments. The Minister of Social Affairs was also asked to be more optimal in verifying and validating KPM PKH data.

BPK also asked the Minister of Social Affairs to give a warning to channeling banks for their negligence in carrying out their obligations in accordance with the provisions for re-checking KKS that cannot be distributed, returning PKH social assistance funds, and carrying out comprehensive control and supervision over the implementation of the PKH social assistance budget.

Another recommendation, the Minister of Social Affairs is asked to verify the data on the distribution of KPM who are not entitled to receive PKH social assistance and return PKH assistance that is not right on target. Furthermore, issuing a warrant for blocking accounts for KPMs that have not transacted and removing KPMs that have not made transactions for more than three months after distribution from the list of recipients of social assistance.

In addition, BPK recommended the Minister of Social Affairs to validate the KPM data for Food Program which was recorded double by deactivating KPM that was proven to be double from the list of recipient and depositing funds into the state treasury as well as correcting KPM data that had an invalid NIK. ●

## IMPROVING THE DISTRIBUTION OF WAGE SUBSIDY ASSISTANCE PROGRAM

The Audit Board of the Republic of Indonesia (BPK) recommends the Minister of Manpower (Kemnaker) to develop comprehensive, valid, and reliable employment data as part of national employment oversight.



mufid majnun - unsplash

**B**PK has conducted a special-purposed audit (PDTT) on the Management and Accountability of the Salary/Wage Subsidy Assistance Program (BSU) for Workers/Manpower in Handling Pandemic Covid-19 in Year 2020 at the Ministry of Manpower (Kemnaker) and other related institutions in DKI Jakarta, West Java,

and Central Java. As a result of the audit, BPK discovered issues that put Kemnaker's distribution of BSU at risk of inaccurate targets and amounts.

According to one of the findings revealed by BPK, as many as 1,198,539 BSU recipients have incomes exceeding Rp5 million, based on matching data from the Directorate General of Taxation.



BPK also found that the data's validity is insufficient. Kemnaker, for example, does not yet have a reliable employment database. Furthermore, BPK found that active participants in the BPJS Ketenagakerjaan (Employees Social Security System) database had NIKs (ID numbers) registered in some companies with wages less than Rp5 million.

Then, as many as 40,008 BSU recipients' data does not comply with the requirements, as many as 4,276 BSU recipients received assistance in excess of the requirements from 4,900 transactions, and as many as 8,908 BSU recipients' NIK data are invalid.

Furthermore, there are 46 BSU recipients who are actively listed as public servants, as well as the HR data for BSU recipients' wage in Harapan Family Program (PKH) of Ministry of Social Affairs is not in accordance with the provisions. In addition, there are 43 employees who are no longer actively working, as well as there are 18 BSU recipients on three employers earn more than Rp5 million.

These problems resulted in the distribution of BSU by kemnaker at risk of not being targeted and not in the right amount.

BPK revealed that the distribution of BSU to 13,915 recipients wasted at least Rp. 16.69 billion in state funds, with details of 4,900 recipients exceeding the total disbursement of Rp. 5.88 billion.

Then there are the 8,908 recipients with invalid NIK worth IDR 10.68 billion, the 46 recipients with active civil servant status worth IDR 55.2 million, the 43 recipients who are no longer actively working as of June 2020 worth IDR 51.6 million, and the 18 recipients with real income above IDR 5 million worth IDR 21.6 million. BPK also stated that BSU funds totaling Rp5.88 billion were not distributed on time to 4,900 employees.

This issue is caused by the Ministry of Manpower's lack of employment data for the provision of BSU. Furthermore, the technical instructions for the distribution of BSU does not regulate the data verification and validation process at BPJS Employment and the Ministry of

Manpower. The Budget User Authority (KPA) also realized BSU distribution without considering verification and validation from other parties.

Toward this condition, the Secretary General of the Ministry of Manpower responded that with a relatively short preparation time, BPJS Employment data being the best data available at the time to be used in BSU distribution.

Then, based on the meeting results held on November 10, 2020 attended by KPK, Ministry of Manpower, Directorate General of Taxes, and BPJS Employment, some steps will be taken to verify these matters. The Directorate General of Taxes will re-verify the data for those 1,198,539 people in order to ensure the accuracy of matching data to avoid any negative consequences for prospective beneficiaries of assistance whose income is less than IDR 5 million.

In response to the issue of duplicate disbursements to 4,276 recipients, the Budget User Authority (KPA) has written to the heads of companies receiving BSU, requesting them to return funds that they should not have received. In the event that the confirmation results show that the BSU recipient participants do not meet the requirements, the Ministry of Manpower

will verify and validate the results, as well as coordinate with relevant agencies and Ministries/Institutions that provide other government assistance.

BPK recommends the Minister of Manpower to develop comprehensive, valid and reliable Manpower data as part of the national Manpower oversight.

The Minister of Manpower must also establish data matching cooperation with various parties, including the Ministries of Social Affairs, Finance, Home Affairs, and BPJS Employment, in order to establish a single valid and reliable employment data.

Furthermore, BPK recommends that the Minister of Manpower to instruct the Director General of Industrial Relations and Manpower Social Security (PHI and JSK) to direct KPA and PPK to be more cautious in carrying out their respective primary tasks and functions. ●



**Active participants in the BPJS Ketenagakerjaan (Employees Social Security System) database had NIKs (ID numbers) registered in some companies with wages less than Rp5 million.**

## ENSURING MORE OPTIMAL MANAGEMENT OF BPJS TK INVESTMENT

BPK's audit concluded that the investment and operational management at BPJS TK had complied with the criteria with exceptions.

**T**he Audit Board of the Republic of Indonesia (BPK) provides a number of recommendations to the Employment Social Security Administration (BPJS TK) to improve investment and operational management. Based on the results of BPK's audit, there are a number of significant problems that need to be corrected as soon as possible in order to optimize investment management.

In the second semester of 2020, BPK has completed an audit report (LHP) on investment management and operations in the period of 2018 until 15 November 2020 at the BPJS TK and other relevant agencies in DKI Jakarta, West Java, Central Java, DI Yogyakarta, Java. East, Bali, and the Riau Islands. The results of the audit, which have also been included in the Summary of Semester Audit Reports (IHPS) II 2020, concluded that the investment and operational management at BPJS TK had complied with the criteria with exceptions.

Director General of Audit (Tortama KN) III BPK, Bambang Pamungkas, said that there were three audit findings that were directly related to investment. "The findings of this audit need to be corrected immediately so that management of investment become more optimal," said Bambang to *Warta Pemeriksa*, early August.

The first finding, said Bambang, is that the investment management of BPJS TK is not yet fully adequate. Second, Strategic Asset Allocation (SAA) and Tactical Asset Allocation (TAA) are not optimal to achieve the level of return on investment portfolios of Social Security Funds and BPJS TK assets in accordance with the provisions.



The third finding is BPJS TK Investment Crisis Protocol (ICP) guidelines are not yet fully adequate, so the ICP has not effectively functioned as an early warning system. "This can lead to delays in taking action in a crisis situation which has an impact on the decline in investment value and the ability of BPJS TK to fulfill the participant's mandated fund obligations," he said.

Regarding BPJS TK investment management which is not yet fully adequate, BPK found problems related to stock and mutual fund investments, as well as several other things. In terms of stock investment, BPK found that there were still shares that experienced an unrealized loss of more than 10 percent, but the cut loss policy had not yet been implemented for these shares.

Moreover, the proportion of BPJS TK mutual fund ownership is not fully in accordance with the results of investment managers and mutual funds scoring which is used as a guide in managing the BPJS TK mutual fund portfolio.

Another common problem related to governance found by BPK is that the investment management has not involved the Internal Control Unit (SPI) to play a role in supervising. Further, investment decision making still depends on human resources (HR) in the investment unit, personal investment control arrangements need to be strengthened to prevent potential conflicts of interest or misuse of information, and liability conditions, the solvency of the Old Age Security (JHT) program is less than 100 percent.

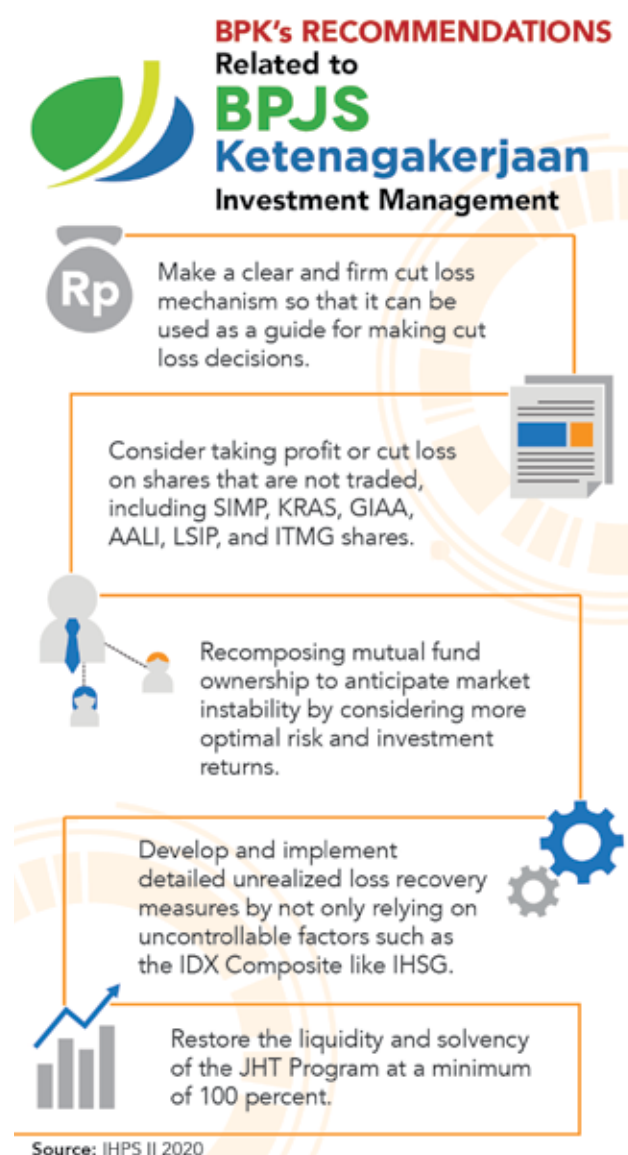
### Confirmation of recommendation

BPK's recommendations regarding the cut loss/take profit of shares owned by BPJS TK were misinterpreted by the public and the media, as if BPK only asked BPJS to cut losses. Bambang emphasized that the first BPK recommendation related to cut loss/take profit was to "order the President Director of BPJS TK to make a clear and firm cut loss mechanism so that it can be used as a guideline for making cut loss decisions". "That is, it does not necessarily cut loss or take profit. This is what needs to be underlined," said Bambang.

The existing cut loss guidelines are not clear, causing confusion for BPJS TK management to make decisions or actions.

In investment practice, said Bambang, cut loss is a natural thing to do to prevent losses from getting bigger. "So here, BPK recommends BPJS TK to first prepare the rules (mechanism) for the cut loss/take profit more clearly and firmly to avoid bigger losses, before the cut loss/take profit is made," he said.

The next BPK recommendation regarding cut loss/take profit is to "order the President Director of BPJS TK to consider taking profit or cut loss on shares that are not transacted". With the sentence used in the recommendation, BPK does not necessarily order take profit or cut loss.





**BPK recommends BPJS TK to first prepare the rules (mechanism) for the cut loss/take profit more clearly and firmly to avoid bigger losses, before the cut loss/take profit is made.**



■ Bambang Pamungkas

"The right thing to understand the recommendation is to first consider, of course, in accordance with the criteria that have been set by the BPJS TK management," said Bambang.

He added that BPK have provided the LHP with details on the criteria for cut loss, take profit, shares under special supervision, and others. These considerations must of course be based on the provisions of avoiding greater losses or minimizing the risk of loss, so that BPJS TK's invest-

ment funds will be more optimally provide benefits for participants.

If in subsequent developments it turns out that these shares have improved, their value has recovered, or can provide optimal investment returns for BPJS TK, then BPJS TK management may not implement a cut loss or take profit policy. The policy must of course be based on an adequate risk management analysis and calculation.

Bambang emphasized that BPK's recommendations regarding cut loss/take profit must be understood and implemented as an integral part of other recommendations. This is based on the consideration that, although BPJS TK will eventually cut loss, it will not necessarily solve the problem of unrealized loss if it is not accompanied by governance improvements such as fund placement planning policies (SAA, TAA), stock or mutual fund trading systems, and etc.

If the improvements in whole governance are not carried out, it is very likely that new investment placements will result in new unrealized losses. Therefore, he stressed, BPK does not only provide recommendations to consider the cut loss alone, but also comprehensive and constructive recommendations related to investment governance.

"This is in accordance with the SPKN PSP 300 which states that the audit recommendations must be constructive and useful for correcting the weaknesses found in the audit," said Bambang.

According to Bambang, the follow-up status by BPJS TK on BPK's recommendations until the first semester of 2021 is already in process. However, it is not fully in accordance with BPK's recommendations, especially regarding the recommendations for cut loss/take profit shares.

For recommendations related to cut loss/take profit, BPJS TK has discussed in the Investment Committee meeting regarding shares in special supervision and the use of acquisition costs as the basis for stock transactions in June 2021. Further, BPJS TK is known to be in the process of finalizing the Guidelines of Investment Management and compiling cut loss studies. ●



## THE PERFORMANCE OF GIVING TAX INCENTIVES IS QUITE EFFECTIVE, BUT THERE ARE ROOM FOR IMPROVEMENTS

There is still a lack of uniformity in the provision of incentives and facilities at the Tax Service Office (KPP).



pajak.go.id

Incentives and tax facilities are one of the government's programs in tackling the impact of the Covid-19 pandemic. Incentives are given to the health sector, Micro, Small, and Medium Enterprises (UMKM), business world, and society are the affected communities. The Audit Board of the Republic of Indonesia (BPK) also guard the program by conducting performance audit.

Performance audit on the provision of tax incentives and facilities to taxpayers in the context of handling the Covid-19 pandemic and 2020 National Economic Recovery, were carried out at the Directorate General of Taxes (DJP and the Directorate General of Customs and Excise (DJBC). According to BPK, DJP and DJBC are quite effective in providing tax incentives and facilities to taxpayers in the context of handling the Covid-19 pandemic.

However, there are still a number of things that need to be improved.

BPK in its report said that DJP and DJBC have shown achievements in handling the Covid-19 pandemic in terms of providing incentives and tax facilities. One of these achievements, the policy regarding the provision of tax incentives and facilities regulated in Law Number 2 of 2020 has been

further elaborated in Government Regulations and Regulations of the Minister of Finance.

Then, the process of formulating the types and schemes as well as sectors affected by the provision of tax incentives and facilities related to the handling of the COVID-19 pandemic by the DJP has been preceded by a study or analysis that can be accounted for and is in accordance with the recommendations of the relevant parties. DJP has also carried out socialization of tax incentives and facilities through various media.

"By not ruling out these achievements, the results of the audit shows that there are still problems that need attention," said BPK in the Performance Audit Report on the Provision of Tax Incentives and Facilities.

The first thing that needs attention is that the provisions related to the provision of tax incentives and facilities are not fully in line with other laws and regulations and there is still a lack of uniformity in the provision of incentives and facilities at the Tax Service Office (KPP). Problems found including the absence of implementing regulations for PP Number 29 of 2020 and PMK Number 143/PMK.03/2020, PMK Number 143/PMK.03/2020 does not regulate input tax treatment for submission of BKP/JKP receiving facilities PPN DTP (value added tax borne by the government).

Furthermore, the budget allocation for PPN subsidies for DTP is not stated in detail in the State Budget Law. BPK also found that there were no rules regarding the treatment of PPN DTP funds in government agencies and the state treasury.

"This problem has resulted in the realization of the utilization of the PPN DTP facility not being in accordance with the predetermined target of beneficiaries," stated BPK.

Another impact is that PP No. 29 of 2020 cannot be implemented effectively and there is no legal certainty for taxpayers over KPP services in providing incentives and tax facilities.

Another finding is that the DJP cannot provide data on the calculation of the allocation of tax incentives and facilities. DJP has not submitted data on the calculation of the allocation of incentives and tax facilities in the context of National Economic Recovery (PEN) and tax facilities regulated in PMK 28 of 2020 (other than PPN DTP). In addition, the income tax facility regulated by PP 29 of 2020 has not been included in the calculation of the PEN program allocation.

These problems have made BPK unable to carry out adequate test related to the preparation of the allocation of incentives and tax facilities calculation according to the criteria and targets set.

BPK also found that the value of providing incentives and tax facilities indicated that they were not in accordance with the provisions. Moreover, the provision of tax incentives and facilities has not been fully right on target.

Meanwhile, related to the Directorate General of Customs and Excise, BPK found that the



beacukai.go.id

issuance of a Decree of the Minister of Finance (SKMK) based on PMK Number 70/PMK.04/2012 with BM and PDRI Exemption Facilities worth Rp4,967,713,922.00 and Rp4,112,667,052.00, does not comply with the specified application requirements. ●

## A number of BPK recommendations to the Director General of Taxes and the Director General of Customs and Excise

### TO THE DIRECTOR GENERAL OF TAXES

Order the Director of Tax Regulations II to improve the rules for providing incentives and tax facilities, especially regarding the validation of KLU and the Director of Tax Regulations I to increase the socialization of the PPN DTP regulations to relevant central and regional government agencies.

Submitting the calculation of the allocation of tax incentives and facilities by providing data related to the calculation of the allocation to the BPK.

Order the Director of Potential, Compliance and Revenue to carry out cleansing and then ordered the Head of KPP to conduct research on Taxpayers who were indicated to be wrong in reporting the realization of the use of tax incentives.

The Director of Business Process Transformation regulates the mechanism for monitoring and monitoring data and information in the report on the realization of the use of tax incentives and facilities uploaded by taxpayers through the online DJP channel as an anticipatory supervisory action and optimizing the use of the Foreman application.

### TO THE DIRECTOR GENERAL OF CUSTOMS AND EXCISE

In compiling and setting SOPs or joint decisions, to refer higher laws and regulations.

Order the director of customs facilities to:

- More careful in supervising the exemption application documents verification.
- To provide guidance to the head of the exemption section for other interests to be more careful in supervising the verification of the exemption application document.

## BPK CONTINUES TO MONITOR THE SETTLEMENT OF STATE/REGIONAL COMPENSATION

The audited entity that has the largest proportion of losses is the regional government due to its large number of population.



■ Yuan Candra Djaisin

**T**he Audit Board of the Republic of Indonesia (BPK RI) has the authority to monitor the settlement of State/Regional Compensation. This authority has been regulated in Law Number 15 of 2006 concerning The Audit Board. Therefore, BPK RI continues to monitor the settlement of State/Regional Compensation through various mechanism.

Head of the Directorate of Audit Evaluation and Reporting, Yuan Candra Djaisin, explained that Law Number 15 of 2006 Article 10 Paragraph (3) states that BPK RI has the authority to monitor the settlement of State/Regional Compensation stipulated by the Government on non-treasurer civil servants and other officials. BPK RI is also authorized to monitor the imposition of compensation for the State/Region on treasurers, State-Owned Enterprises (BUMN)/Local-Owned Enterprises (BUMD) management, other institutions or agencies managing state finance that has been stipulated by BPK RI.

"In addition, BPK RI is also authorized to monitor the imposition of compensation to the State/Region stipulated based on a court verdict having permanent legal force," said Yuan to *Warta Pemeriksa*, Tuesday (21/9).

To exercise the authority, Yuan stated that BPK RI has set BPK's Decree Number 5 of 2012 concerning Technical Guidelines for Monitoring the Settlement of State/Regional Compensation. Currently, BPK RI is revising the technical guidelines in order to accommodate the changes in the environment.

Beside of that, BPK RI also develops an application called the State/Regional Losses Information System (SIKAD) to record the data on the results of monitoring the State/Regional Compensation. According to Yuan, BPK RI is developing SIKAD application using an integrative approach so that it can be integrated with other applications. The SIKAD application encourages the involvement of the audited entities in managing the data of the State/Regional Compensation.

He said that the Directorate of Audit Evaluation and Reporting also continued to intensify the dissemination and assistance to both BPK's working units and audited entities in monitoring the settlement of State/Regional Compensation. "This is necessary since the understanding of the settlement of State/Regional Compensation is still not optimum in addition to the changes on the regulations," he said.

Yuan said that one of the most common problem in monitoring the settlement of State/Regional Compensation is that the Assembly (Team) of State/Regional Compensation (TPKN/D) has not been established or the established assembly (team) has not functioned optimally. This condition results in cases of State/Regional Compensation not being settled in a timely manner. Another problem is the stipulation of the regulations concerning the settlement of State/Regional Compensation by the BUMN/BUMD management and other institutions or agencies managing state finances. This condition results in cases of State/Regional Compensation not being settled.

There are several mechanisms used by BPK RI in monitoring the settlement of State/Regional Compensation. Yuan explained that the mechanisms include desk review and discussions at BPK RI's office as well as other mechanisms such as observation, confirmation, and interview. These mechanisms aim to collect the data of State/Region Losses that occurs in audited entities so that the analysis and evaluation could be carried out by BPK RI in order to ensure that audited entities have processed all State/Region Losses in accordance with the regulations and reported those losses to BPK RI. Those data will then be updated into SIKAD application.

Yuan said that audited entity that has the largest proportion of losses is the regional government due to its large number of population. As cited from Summary of Audit Result of Semester (IHPS) II 2020, the State/Regional Losses that have been stipulated during



**BPK RI is also authorized to monitor the imposition of compensation to the State/Region stipulated based on a court verdict having permanent legal force.**

2005-Semester II 2020 amounted to IDR 3.62 trillion, an increase of IDR 188.90 billion compared to the period of 2005-Semester I 2020, which was IDR 3.43 trillion. That reported amount of State/Regional Losses are incurred by the Central Government, Local Government, BUMN and BUMD. Amongst others, the State/Regional Losses incurred by local government were recorded at IDR 2.74 trillion (75 percent). This is the largest proportion of the total State/Regional Losses that has been stipulated for the 2005-Semester II 2020 period.

In more specific aspects, the rate of settlement on stipulated State/Regional Compensation through installments, repayments, and write-offs at the Central Government, Local Government, BUMN and BUMD is 52 percent, 54 percent, 37 percent, and 36 percent, respectively. "Furthermore, the value of the settlement during 2005-Semester II 2020 period showed that there were installments of IDR 341.95 billion (9 percent), repayments of IDR 1.46 trillion (41%), and write-offs of IDR 110.09 billion (3 percent). Thus, the remaining unsettled loss is IDR 1.71 trillion (47 percent)," he said.

Yuan added that the monitoring of the settlement of State/Regional Compensation is the duty and authority of the Directorate General of Audit (AKN) and BPK Regional Offices. Each AKN and BPK Regional Offices monitor and report the progress to audited entities, Director General of Audit (Tortama), Board Member, and Directorate General of Planning, Evaluation, and Development (Ditama Revbang). This progress will be inputted into SIKAD application by each AKN and BPK Regional Offices. This input will then be processed by Ditama Revbang and presented in the IHPS. ●



## BPK KEEPS IMPROVING EMPLOYEES CAPACITY

Since 2016, the HR Bureau has continually organized the various BPK Scholarships Programs.



■ Seleksi wawancara MKP UNPAD.

The Audit Board of the Republic of Indonesia (BPK) has important roles in supporting the public sector transparency and accountability in Indonesia. To serve these roles, BPK needs to improve its capacities, in terms of personnel, IT stuffs, and organizational structure.

Head of Human Resources Bureau of BPK, Dadang Ahmad Rifai said, an organization is acknowledged of having capacity if it has various elements such as expertise, knowledge, work procedures, and an established structure that support it to perform effectively in carrying out its duties.

“BPK recognizes the importance of the capacity building to build on its existing strengths and address any gap and weaknesses,” Dadang said.

The ways that BPK does to increase its capacities are through education and training. BPK has collaborated in staff development through Master of Accounting and Master of Public Policies scholarship programs with Gadjah Mada University (UGM) and Padjajaran University (Unpad).

This program has several aims. First, increasing the capacities of professional auditors who are qualified in planning, methodologies, implementations, reviews, and quality assurance. Second, increasing the capacity of human resources who are capable of analysing and synthesising aspects of policy formulation, implementation, and evaluation as well as solving public policy problems professionally.

“This collaboration programs provide opportunities to arrange specific materials that are relevant and needed by BPK,” Dadang stated.

Dadang explained that the BPK Scholarships Program has two objectives. First, from the institutional perspectives, this program aims to develop cooperation between BPK and educational institutions through scholarships, namely UGM and UNPAD. It also aims to enhance BPK’s institutional capacity through improving the competencies of its employees.

Second, from the employee perspectives, this program aims to improve the quality of BPK employees to meet the human capital development plan and enhance opportunities for better career for employees.

BPK–UGM Scholarships Program for the Master of Accounting has been running since December 2, 2020. The BPK–UNPAD Scholarships for the Master of Public Policy began at August 15, 2021, while the Master of Accounting began at August 30, 2020. “All major will be completed within two years,” he Said.

The scholarships programs are participated by BPK employees who had registered and met the requirements. The HR Bureau has offered these two programs to all employees through SISDM.

The HR Bureau then held selection mechanisms for employees who had applied for the scholarship program based on the Decree of the Secretary-General of the BPK No. 323/K/X-XIII.2/12/2008 regarding Procedures for the Implementation of Study Assignments for Civil Servants within The Audit Board of the Republic of Indonesia and the requirements set by UGM and UNPAD. 16 BPK employees enrolled in the BPK-UGM Scholarship while 25 employees enrolled in the BPK

Dadang continues that UNPAD Scholarship consisting of 12 students enrolled in the Public Policy Masters study program and 13 students enrolled in the Accounting Masters study program

The BPK-UGM and BPK-UNPAD Scholarships programs are expected to improve the capacity of BPK employees, particularly for BPK's auditors who need to possess the required skills and competencies.

"The purpose of this scholarship program is to deliver a positive influence to the achievement of BPK's goals by increasing the capacity of BPK's human resources."

Since 2016, the HR Bureau has continually organized various BPK Scholarships Programs. BPK provides alternatives for study programs and universities for employees. In addition to BPK-UNPAD scholarships program, HR Bureau also provides opportunities for employees to pursue higher education through various scholarship programs, such as, Diploma IV PKN STAN Scholarships, BAPPENAS Scholarships, and LPDP Scholarships.

In addition to cooperation with the universities, HR Bureau also collaborates with international institutions to develop employee competencies through short course programs. In 2021, HR Bureau collaborates with the IACA, held an online short course on Effective Government Auditing: Antifraud and Corruption from May 24-July 07, 2021, attended by 18 BPK auditors

In the future, BPK is committed to continually develop the competencies of its



■ Dadang Ahmad Rifai



**The HR Bureau will continuously organize BPK Scholarships, both in the form of special and regular classes. The HR Bureau also actively offers scholarship programs from other government agencies and institutions.**

employees. The development of these competencies can be carried out either through degree programs or non-degree programs.

"The HR Bureau will continuously organize BPK Scholarships, both in the form of special and regular classes. The HR Bureau also actively offers scholarship programs from other government agencies and institutions," Dadang said.

In 2021, Dadang added that the HR Bureau offers an undergraduate scholarships program (S-1) in Personnel Education organized by The Indonesian National Civil Service Agency (BKN). For the non-degree programs, the HR Bureau also organizes various competency development programs, including short courses, professional certifications, internships, employee assignments at international institutions (in collaboration with the Public Relations and KSI Bureau), and monthly discussion forums as platform for knowledge transfer among employees. ●



Warta Pemeriksa Magazine March 2020 Edition  
received an award as

**THE SILVER WINNER**  
of PR Indonesia Awards 2021

for the Category of Institutional  
Sub-Category of Printed Media



## INVESTIGATING SOCIAL PROTECTION PROGRAMS FROM THE UPSTREAM TO THE DOWNSTREAM

This year's audit will enrich the results of the PC-PEN audit conducted by BPK in 2020.

**T**he Audit Board of the Republic of Indonesia (BPK) continues to monitor the Covid-19 Handling and National Economic Recovery (PC-PEN) program's implementation.

This year, BPK's PC-PEN audit focuses on social protection programs, which will be scrutinized from upstream to downstream.

As previously reported, BPK audited the PC-PEN program in 2020 for refocusing and reallocating activities, health, social protection, national economic recovery (PEN), procurement of goods/services during disaster emergencies, and disaster management. The PC-PEN audit results revealed 2,170 findings with 2,843 problems. These issues include 887 weaknesses in the internal control system (SPI), 715 issues of noncompliance with legislative provisions, and 1,241 issues of economic efficiency, and effectiveness (3E).

BPK Director General of Audit Planning, Evaluation, and Development Directorate, Bernardus Dwita Pradana explained that the PC-PEN audit was conducted within the framework of a risk-based comprehensive audit. Using a universe audit approach, this is a combination of three types of audits: financial audit, performance audit, and special purpose audit (PDTT).

"In general, the purpose of the PC-PEN audit is to assess the effectiveness, transparency, accountability, and compliance of state financial management and responsibility during Covid-19 pandemic emergency," Dwita told *Warta Pemriksa*, July 10, 2021.

According to him, the PC-PEN audit must answer seven questions based on



that purpose. Some of these questions, among other things, how much and how budget allocations are provided and used. Another question is how much and how the budget is realized, whether it is in accordance with the allocation and through the proper channel. Further question that must be answered in the audit is whether there are any violations of provisions or misappropriation of funds during Covid-19 pandemic emergency.

In terms of the audit this year, Dwita explained that BPK will conduct the advanced audit on the Covid-19 Handling related to Social Protection Program. The scope of this audit includes all activities related to the management of the Advanced Social Protection Program in the context of





freepik

handling Covid-19, including Family Hope Program (PKH), Groceries Program/ BPNT, Cash Social Assistance (BST), BLT Village Fund, Card Pre-Work, Electricity Subsidy, Internet Quota Assistance, and Distance Learning Data.

According to Dwita, the results of this year's audit will supplement the results of the 2020 audit. "Especially for the 5th audit question, which is whether there were violations and budget misuse during the Covid-19 pandemic emergency, and the 6th question, which is whether procurement of goods and services was carried out in accordance with the regulation," Dwita said.

As a result, he said, the seven audit questions related to PC-PEN that the go-

vernment has conducted can be answered based on the facts. "In addition, BPK can provide comprehensive recommendations to the government to improve the existing weaknesses and increase control of the government's strategic programs in emergency situation," Dwita said.

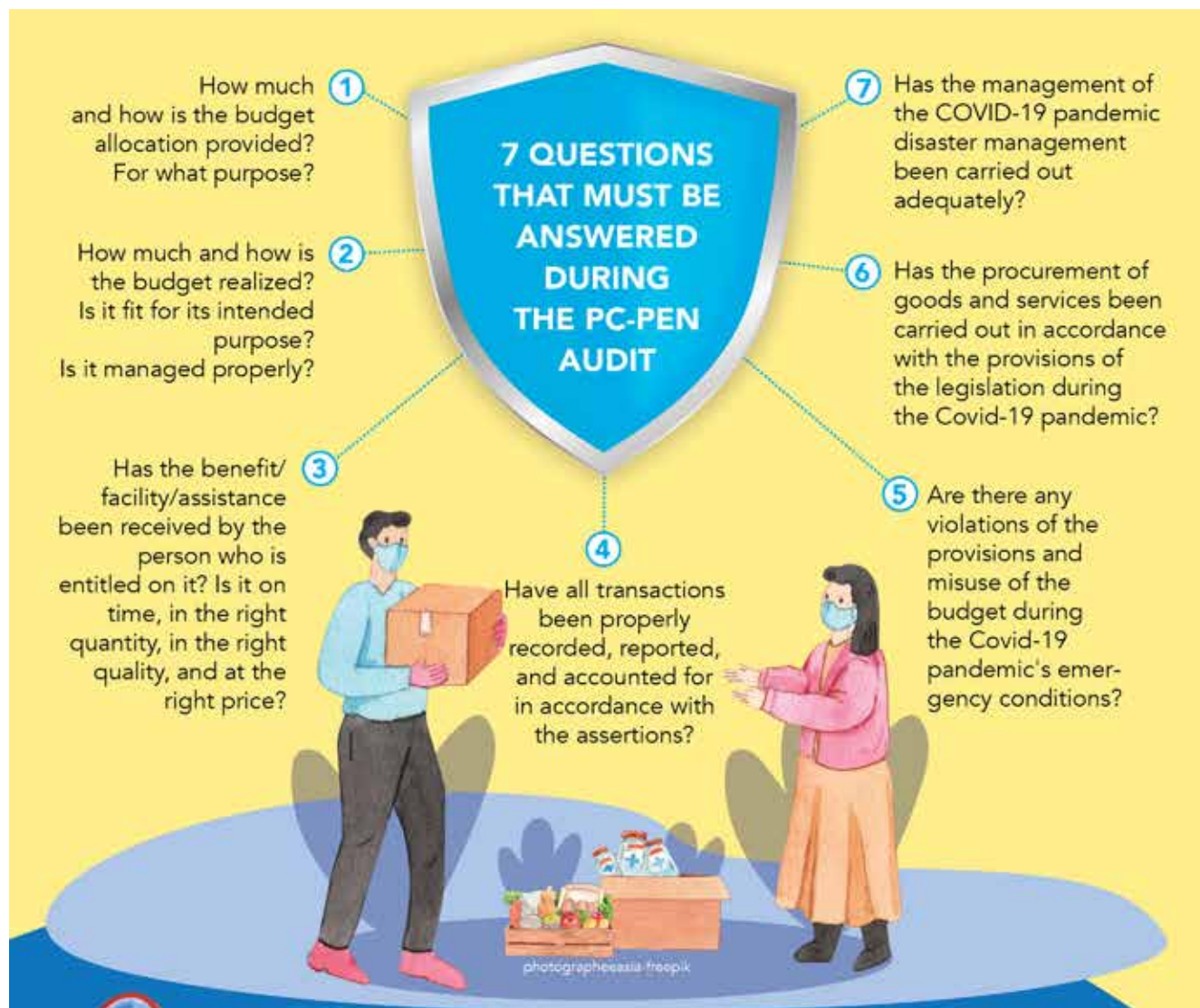
Dwita explained that the audit methodology used in the advanced audit on Covid-19 Handling, particularly in the Social Protection Program, is a risk-based comprehensive audit through the special purpose audit approach), in this case for compliance. The audit took place during the second semester of 2021.

The first step in this advanced audit is to review and understand the audit universe. The term of audit universe is used to describe the scope of an audit that covers the entire government. This comprehension of the audit universe serves as the foundation for developing policies, strategies, and plans for the Advanced Audit of Covid-19 Handling related to Social Protection Program.

According to Dwita, the scope of the audit or audit universe consists of four major components. First, programs/activities in the Advanced Audit on Covid-19 Handling related to Social Protection Program that become government priorities. Second, the funding source for the program/activity is a component of state finances, both from the APBN/APBD (on-budget) and from sources other than the APBN/APBD (off budget).

Third, the cycle of state financial management, which includes planning and budgeting, program/activity implementation, monitoring, evaluation, and supervision, as well as reporting and accountability.

The fourth scope is stakeholders, who include representative institutions (DPR, DPRD, and DPD), central government (including ministries/agencies), and local governments, as well as program/activity implementers and beneficiaries.



## COMPLIANCE AUDIT METHODOLOGY

### a. Audit planning

- Started by identifying the users of the audit reports and the person in charge of the audit program.
- The auditor determines the audit program's main points, objectives, and scope.
- Auditor identifies criteria which is relevant to the Covid-19 Handling related to the Program for Social Protection.
- The auditor evaluates the risks in the Covid-19 Handling related to the Program for Social Protection.
- The sampling test is determined based on the risk assessment profile. Auditors can create and select audit samples in areas with high materiality and a high risk of violating laws and regulations.
- The auditor creates the Audit Program (P2) as the foundation for conducting the audit.

### b. Conducting the Audit

- Obtaining and analyzing evidence.
- Developing the findings.
- Obtaining feedbacks upon the audit findings.

### c. Audit Reporting

- Preparing of Audit Report/LHP (audit findings, conclusions, recommendations, and action plan).
- Follow-up on Audit Recommendation.

Source: BPK Directorate General of Audit Planning, Evaluation and Development

The purpose and scope of the audit are determined by taking into account the results of the risk analysis as well as issues of public concern (risk-based).

"In general, the audit can focus on aspects of the effectiveness, transparency, and accountability of state financial management and responsibility in pandemic conditions, particularly in relation to the Covid-19 Handling related to Social Protection Program, including compliance with legislation in pandemic emergencies."

"In the second semester of 2021, BPK applies a comprehensive audit approach that integrates and seeks linkages between various types of audits, namely performance audits and special-purposes audits. Audits are expected to be conducted in an integrated and efficient manner using this approach "Dwita stated.

He explained that the special purpose audit was carried out in accordance with the State Financial Audit Standards (SPKN) and the Compliance Audit Implementation Guidelines. Meanwhile, the performance audit approach is carried out in accordance with the SPKN and the Implementation Guidelines for Performance Audit. (PLEASE SEE INFOGRAPHIC).

Dwita hopes that the advanced audit of Covid-19 Handling time frame can accommodate all audit procedures with a fairly broad scope of audit. The audit time frame also needs to consider the government policies pertaining to the Enforcement of Restrictions on Public Activities (PPKM) in specific areas that becomes audits sample. "Even with a limited time frame, the target of completing the advanced audit report that meets audit standards can be met."

Many working units (satker), both audit and non-audit, are involved in the Advanced Audit of Covid-19 Handling related to the Social Protection Program in 2021. In the future, BPK will also integrate audit and non-audit working units to improve the quality of the resulting audits.

The integration of involvement of various working units related to the audit must follow the Three Lines of Model principle, which states that there are three elements consisting of the governing body, which is the institution's leader, in this case the BPK



**Even with a limited time frame, the target of completing the advanced audit report that meets audit standards can be met.**



■ B Dwita Pradana

Board who is responsible for the overall audit.

The second component is management. It consists of the first line that directs audit implementation and the second line that provides expert support functions, as well as the Inspectorate General. Inspectorate General serves as an internal audit that will carry out quality assurance on the entire auditing process, from planning to implementation to reporting. To be a success in performing the audit, all of these elements must work together and communicate effectively and constructively.

"As a second line, Ditama Revbang supports the advanced audit on Covid-19 handling, through strategic planning of cross-working unit audits, as well as fulfillment of the most recent technical guidance (juklak/juknis) related to audits during the Covid-19 pandemic. Furthermore, Ditama Revbang also compiles studies on the audited aspects, assists in the planning and implementation of audit methodologies as well as in compiling audit reports," Dwita stated. ●



## ENVIRONMENTAL AUDIT

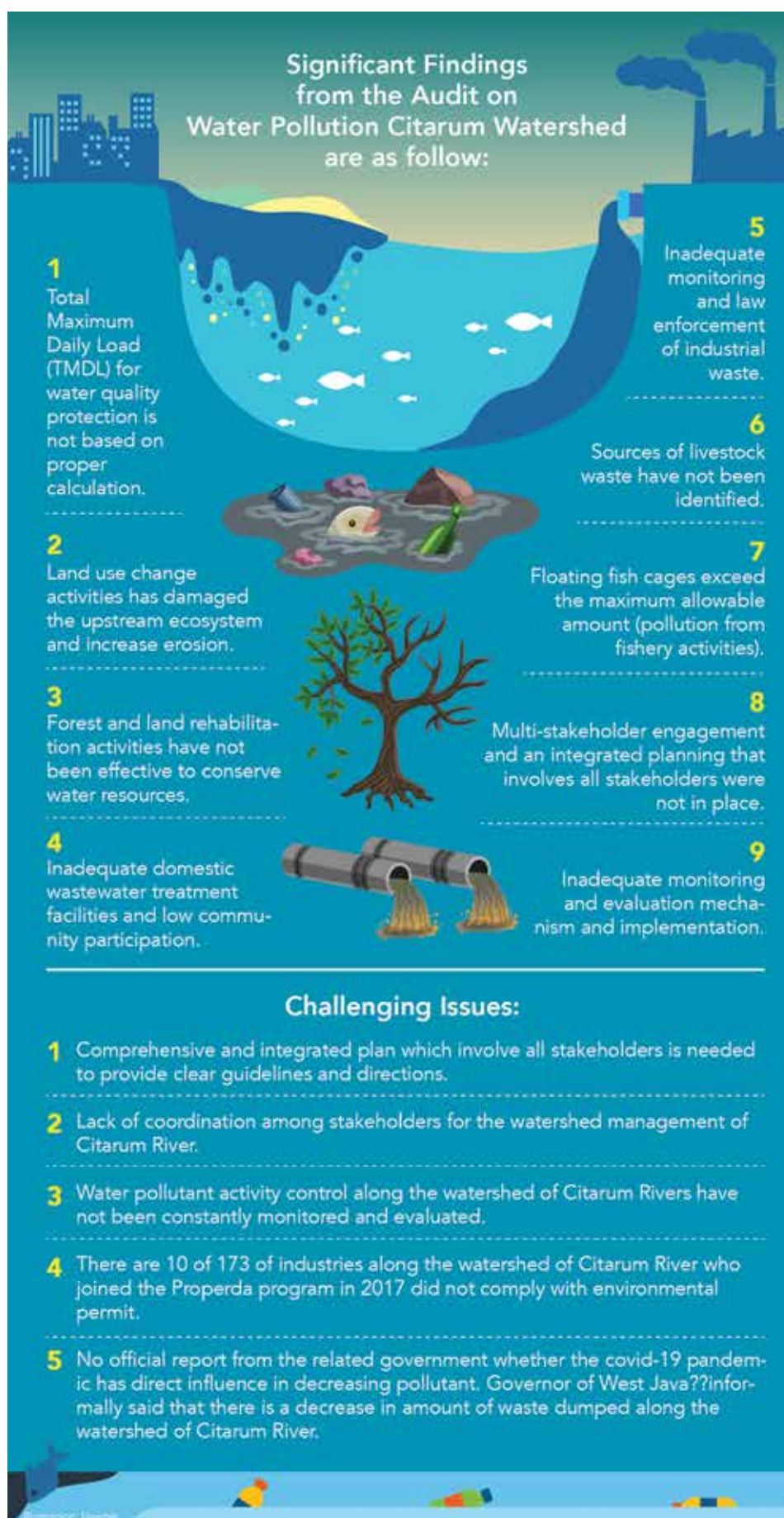
BPK conducts audit related to the Citarum Watershed due to its vital roles.

The Audit Board of the Republic of Indonesia (BPK) has carried out a number of environmental audits. BPK's experience in conducting environmental audits was shared in environmental audit training activities between BPK and Korea International Cooperation Agency (Koica) held on 8th-16th July 2021.

In this training, BPK has the opportunity to share several environmental audits that have been carried out by BPK within the past years. These include the audit of Water Pollution in Citarum Watershed, Air Pollution in DKI Jakarta, and presentation about Covid-19 medical waste management.

BPK conducted audit related to the Citarum Watershed due to its vital roles. Citarum watershed supplies 80 percent freshwater for the Capital City, consumed by approx. 28 million people in West Java & Jakarta, source of freshwater for approx. 20 percent of Indonesia's industrial products, and also a home to 3 reservoirs that generates electricity of 1.900 MW for Java and Bali Islands.

An audit on Water Pollution in Citarum Watershed was carried out in 2018. The objectives of this audit is to assess the effectiveness of water pollution control in Citarum Watershed by 2016 to 2018. The audited parties includes the Ministry of Environment and Forestry, Ministry of Public Works and Public Housing, and local government.





In carrying out this audit, there were several challenges faced by BPK. The first challenges was about the number and competence of auditors. BPK already has guidelines in determining number of man and days assigned into a specific audit task in 2019. When the audit being conducted, this guidelines has not been enacted. In addition to that, the auditor's competence was also another challenge. The certification mechanism system on specific expertise for BPK auditor is not yet designed. It affected the unavailability of auditor with certain competency when needed.

Second challenges was about limited time and budget. The limited time and budget allocated into a bigger scale and wider scope potentially affected to some area might be excluded from the audit procedures.

And the third challenge was the difficulty to access the data collected within the previous years' audits. The previous years' audit were carried out in several audit divisions in BPK. It also means that all data and information gathered during the audit are kept by each audit division. Therefore, gathering data from various audit division became a challenge when they are not stored in one data base.

### **Audit of Air pollution in DKI Jakarta**

Other audit that have been carried out by BPK related to the environment was audit on air pollution in DKI Jakarta. Based on the audit report, there are several weaknesses of the DKI Jakarta Provincial Government in controlling air pollution.

#### **1. Action plan on Air Pollution Control and fuel conversion plan are not established.**

- There were only 16,29% of public vehicles using gas as its fuel.
- The number of existing gas station reduced from 31 to 19 (12 stations were closed).
- Several obstacles in building gas fuel station include Land availability, security aspect, gas selling price.
- These variables should become primary concerns in designing the plans.

#### **2. Regulation is not well enforced.**

- There were only 16,29% of public vehicles using gas as its fuel.
- The existing regulation, Governor Decree 141/2007 is not supported by any similar policies related to incentives, financing scheme, and law enforcement.



**The objectives of this audit is to assess the effectiveness of water pollution control in Citarum Watershed by 2016 to 2018.**

#### **3. Monitoring and Evaluation of eco-friendly fuels is not optimally performed.**

- The target (strategic plans and the number of converted vehicles) is not included in medium term development plan.
- Therefore, there are no monitoring and evaluation activity on the Gas Fuel Conversion program.
- This lack of monitoring and evaluation made it difficult for the government to measure the success rate of the conversion program.

#### **4. Emission Test Commissioning is not sufficiently performed.**

##### **a. Lack of Test on Targeted vehicles and supporting activities**

- 1) Test conducted by Local Environment Agency
  - Targeted vehicles for the test were only 1,28% of selected targets and excluding the motorcycles.
- 2) Test conducted by Local Transportation Agency
  - The test covered 58,76% of total targeted vehicles in 2019.
  - There is a low level of compliance due to the small percentage of fine retribution (2%).

##### **b. Lack of Vehicle Emission Test System**

- The Equipment test is not integrated to E-Emission Test System.
- Data input manually.
- The Risk: Human Error.

##### **c. Regulation is fully established**

- The regulation is not aligned with International Standard (UN-ECE).
- The regulation do not include incentives and disincentives scheme.
- Law enforcement have not yet been implemented.

While conducting this audit, BPK faced a number of challenges. The first challenge was a lack of data associated with air pollution such as fuel consumption, number of vehicles and type of fuel used, and kilo meters that the vehicle have travelled. Government of DKI Jakarta has limited authorities in regulating air pollution. It leads to the limitation of audit coverage to other local government outside DKI Jakarta whilst air pollution is borderless.

Another challenge was the difference of air quality standard between Government of DKI Jakarta and WHO. These difference could be seen in the air pollution parameters measurement conducted by several agencies such as Government of DKI Jakarta, Meteorology, Climatology, and Geophysical Agency (BMKG), Ministry of Environment, and US Embassy. This difference must

be resolved considering the WHO standard act as an international well-accepted standard and local government shall adopt it based on its real local circumstance.

Until now, these data are not presented within one platform. DKI Jakarta only monitors air quality data from their own stations for decision making. In order to avoid confusion from the public, and enrich the air quality data for decision making process. Therefore these data should be integrated.

The pandemic also becomes a challenge for carrying out the audit of vehicle emission tests.

### **Covid-19 medical waste**

In the environmental audit training held by BPK and Koica, BPK also made presentation about 'Covid-19 Medical Waste: a Ticking Bomb for the Environment.

In its presentation, BPK explained that a pandemic has significantly increased the accumulation of infectious medical waste, by 30 percent more than usual medical waste amount. This data is taken from the Indonesian Hospital Association on March 2021.

The increasing number of medical waste could become a serious problem because Indonesia experiences a shortage of medical waste treatments. Only 82 of a total 2,889 hospitals have licensed incinerators in addition to only 20 private waste treatments (no facilities in eastern Indonesia). This data is taken from Indonesian Environmental Scientist Association in 2021. During Covid-19 pandemic, about 290 tons waste are generated daily, while the available waste treatment capacity is only 168.8 ton/day. Based on this number, there is a gap of 121.2 ton/day. ●



## Some challenges identified from this issue is related to:

### 1. Coordination

- Lack of coordination among related parties both in central and local level.

### 2. Data

- Absence of valid data on Covid-19 waste pile.
- The current data has not been integrated to provide more useful information.

### 3. Monitoring

- Absence of monitoring process carried out in the referral hospitals & Self-Isolation places during the pandemic.
- Government has encouraged self-report on "SIRAJA LIMBAH", but its implementation is still ineffective.

### 4. Environmental Impact Assessment

- Absence of predetermined/agreed environmental impact assessment (how to assess the Environmental Impact).

### 5. Socialization

- Absence of information dissemination on effective waste management to public.

### 6. Habit

Managing the waste carelessly (neglect the disposal management, mix the infectious to non-infectious waste, and misuse of medical waste).

### 7. Resources

- The existing implementation is incomplete, nor updated, and integrated
- Insufficient capacity building for the medical waste handlers and society
- Incompetence employees (waste handlers and other related parties involved in the medical waste management).

## Lesson Learned:

Adequate regulations and policies as guidelines for implementing medical waste management and monitoring activities, including the road map, are crucial and it should be disseminated to all related parties.

Segregation of clear and effective tasks and functions along with good coordination between central and local government institutions are important in the process.

Carrying out dissemination of information or actively providing information for handling of domestic medical waste to the public is a must.

01

Handling medical waste due to Covid-19 is as important as handling the Covid-19 virus.

02

03

An integrated and updated information system that can be accessed by related entities, including regional institutions (local governments), will facilitate the process of implementing, monitoring, and reporting medical waste management.

04

05

Enhancing employee's competency to manage the medical waste is a way to improve employee's contribution to the organization.

06





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

## NOW IT'S GETTING EASIER TO ACCESS THE INFORMATION THROUGH...



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



BPK RI Official



@bpkri



@bpkriofficial



08111907010



bpk.ri



**PPID**

EPPID Mobile





## BPK PRESENTED VNR AT ECOSOC'S HLPF



The result of BPK's review on Indonesia's VNR on SDGs for 2021 showed that the Government of Indonesia has made efforts to maintain the sustainability of 2017 and 2019 VNRs.



■ BPK Vice Chairman Agus Joko Pramono

Once again Indonesia compiled and submitted the Voluntary National Review (VNR) to the United Nations through the High Level Political Forum (HLPF) of the Economic and Social Council (ECOSOC) on Sustainable Development in New York, USA. This is the third VNR by Indonesia since 2017.

The HLPF held on 6-17 July 2021 was themed "Sustainable and Resilient Recovery from the Covid-19 Pandemic for the Achievement of the 2030 Agenda". It is an annual forum for UN member states to share experiences, achievements, and lessons learned with regard to the implementation of the 2030 Agenda and the SDGs.

BPK's participation in this events had 3 aims. First, to increase the credibility and

visibility of Supreme Audit Institutions' role in the implementation of the 2030 Agenda and the SDGs. Second, to take part in a series of HLPF sessions, especially in integration and ministerial segments which discussed SDGs themed issues and the delivery of VNR in the context of achieving the 2030 Agenda and the SDGs. Third, to obtain a complete picture and explanation of the position and role of agencies within the UN structure, especially those related to the Independent Audit Advisory Committee (IAAC) given in mind that BPK Vice Chairman is also the Vice Chair of the UN IAAC.

In accordance with INTOSAI guideline, BPK's role in SDGs is carried out through four approaches. First, monitoring performance or assessing how a country prepares the implementation of 2030 Agenda at all levels of government. Second, advocating for good governance by ensuring whole-of-government coordination, coherence, and broad stakeholder participation. Third, ensuring a transparent and accountable nation financial management system that supports Goal 16 of SDGs. Fourth, ensuring that SAI becomes a role model (leading by example) in governance which strengthens regulations on monitoring, assessment, and reporting the implementation of SDGs.

The first approach has been completed, while the other approaches are under development and is currently being carried out continuously until the end of SDGs in 2030.

BPK has carried out a review on the drafting process of 2021 VNR of Indonesia. The objective of this review was to assess whether the 2021 VNR aligns with the last two VNR published in 2017 and 2019, as

well as whether government has considered BPK's audit results with regard to Indonesia's achievement in SDGs and carried out due process in accordance with the Handbook for the Preparation of VNR 2021.

The result of BPK's review on 2021 VNR Indonesia showed that Government of Indonesia has made efforts to maintain sustainability of 2017 and 2019 VNRs. This include ensuring the disclosure of SDGs principles and due process required by the Handbook. However, the government still needs adequate disclosure of information and analysis related to BPK's audit results and follow-ups. This is to ensure the achievement of disclosures that reflect the implementation of SDGs.

As part of the Indonesia delegation, BPK made an intervention in the integration segment and participated in the opening session of ministerial segment. Further, BPK was part of Indonesia's statement in submitting Indonesia's VNR in front of UN member countries attending the HLPF.

BPK Vice Chairman Agus Joko Pramono in his intervention stated the importance of SAI's role in ensuring transparency and accountability in public sector management, especially in the midst of Covid-19 pandemic.

The presence and role of BPK in the event was clearly stated in the official speech of the Government of Indonesia, highlighting BPK's role in reviewing VNR Indonesia. In fact, BPK is the first SAI involved in the process of following up and reviewing



**The importance of SAI's role in ensuring transparency and accountability in public sector management, especially in the midst of Covid-19 pandemic.**

SDGs implementation in a given country. This was included in VNR Indonesia as a best practice.

In addition to the HLPF, BPK Vice Chairman in his capacity as Vice Chair of the UN Independent Audit Advisory Committee (IAAC) also held a meeting with the leaders of various UN agencies at the UN headquarters, among which were the Controller-Assistant Secretary-General for Programme Planning, Finance and Budget (OPPF), Chair of the Advisory Committee on Administrative and Budgetary Questions (ACABQ), Under Secretary General UN for Department of Management Strategy, Policy and Compliance (DMSPC), and Under Secretary General for the Office of Internal Oversight Services (OIOS).

In this meeting, Vice Chairman discussed the positions and roles of the UN agencies and the working relationship with IAAC. The meeting was aimed to strengthen the role of IAAC as a council under the UN General Assembly. IAAC is an agency responsible for providing inputs and assisting the General Assembly in fulfilling its oversight responsibilities and functions. ●





## DESPITE FULL OF CHALLENGES, BPK RESULTS QUALITY AUDITS FOR IMO

Audit of IMO demonstrates the importance of increasing adaptive capacity in the face of changes in the audit environment.



■ Hendra Susanto

**B**oard Member I of the Audit Board of the Republic of Indonesia (BPK), Hendra Susanto, extended his appreciation and congratulated the success of the International Maritime Organization (IMO) audit team which has completed the assignment of auditing IMO Financial Statements for fiscal year 2020 in time. Although the audit carried out remotely with various challenges, BPK able to produce audits with an excellent quality.

This was conveyed by Hendra while attending the monthly Accounting and Auditing Discussion Series (AADS) session 11 with the theme "Audit of International Maritime Organization (IMO): Sharing Experience and Lesson Learned on Challenges and Key Success Factors". The event was attended by more than 680 participants from the BPK Central Office and Regional Offices throughout Indonesia.

Hendra hopes that, through the IMO audit, BPK auditors will be able to learn about audits of

international organizations.

"This is also part of preparing the nomination of BPK as a member of the United Nations Board of Auditors (UNBOA) in the period 2026-2032," said Hendra.

In the discussion, the Technical Supervisor of BPK IMO Audit Team, Nanik Rahayu, explained the experience of IMO audit, including the challenges faced. Nanik explained that IMO audit has a high complexity. This is because IMO has two entities whose financial statements are consolidated into IMO's financial statements, namely the World Maritime University (WMU) and the International Maritime Law Institute (IMLI). Moreover, IMO, WMU, and IMLI are located in different locations. IMO is based in London, UK. WMU is located in Malmö, Sweden, and IMLI is located in Msida, Malta.

Furthermore, the three entities have different business processes and financial management policies. Another uniqueness that became a challenge in the audit was due to a request from one of WMU's donor agencies, namely the Nippon Foundation, to audit the use of its grant funds.

In conducting the audit, said Nanik, the IMO Audit Team refers to international standards, namely International Standards on Auditing (ISA). BPK also uses best practices from Generally Accepted Accounting Principles in the US (US-GAAP) and other Supreme Audit Institutions (SAI), such as the Australian National Audit Office (ANAO) and the Audit Office of New South Wales (AO NSW), as well as professional accounting organizations, such as Chartered Professional Accountants (CPA) Canada.

Regarding the implementation of remote audits, the IMO Team referred to the Technical Guidelines for Financial Auditing during an Emergency which was published by the Directorate of Research and Development of BPK in 2020. "We





**This is also part of preparing the nomination of BPK as a member of the United Nations Board of Auditors (UNBOA) in the period 2026-2032.**

also studied the best practices compiled by the UN Panel, as well as the ISO 9001 Auditing Practices Group Guidance on: Remote Audits published in April 16, 2020," he said.

However, these best practices are certainly not fully adopted. There are a number of adjustments in the context of the IMO-WMU-IMLI audit. As for the development of the audit methodology, the BPK's IMO Audit Team also uses academic references, including in determining sampling and utilizing references from the audit experience that has been carried out by the IAEA Audit Team, references to Technical Guidelines at BPK, as well as best practices from ANAO and AO NSW.

Nanik added that the team also made adjustments to the audit program to accommodate a full remote audit. Initially, the audit program was structured with the assumption that the audit would be conducted on-site. Adjustments must be made following the increasingly worrying developments of the Covid-19 pandemic and the closure of the UK and other European cities.

This audit program adjustment is communicated intensively with the entity since the audit

planning stage, for example related to the IMO Audit Team's plan to be able to remote access the IMO financial system and database as well as the cash count that planned to be carried out through the zoom meeting application.

Meanwhile, the use of the Entity Service Plan (ESP) and Entity Assistance Schedule (EAP) are taken from the best practice of AO NSW. This document functions to identify management expectations, scope of audit, agreement on the implementation mechanism and also parameters for implementation such as type/name of document, date of submission and Person in Charge (PIC).

In practice, the working hours during a full remote audit are longer, which makes the audit team often have to work late into the night. This is due to the time zone difference between 5 to 7 hours between Jakarta and the location of the entity being audited, so that the financial audit



■ Nanik Rahayu



process at IMO-WMU-IMLI requires a longer time than the duration of the audit in Indonesia in general. In addition, the process of communicating and exchanging data on a full remote audit is more time-consuming. "However, they were very communicative with us. Every time we ask, they will immediately answer either via email, chat on Microsoft Team or through virtual meetings," she said.

According to her, the IMO-WMU-IMLI audits shows the importance of increasing adaptive capacity in dealing with changes in the audit environment. This is very important in order to overcome challenges in conducting audits in pandemic situations that can affect the determination of audit strategies in terms of time and resource management.

In addition, the involvement of senior auditors also greatly influences the audit process to achieve the audit objectives that have been determined in accordance with the audit schedule. Providing examples through adaptive leadership can provide direction for the team in achieving audit targets in accordance with assignment expectations.

The application of full remote audit in the midst of a pandemic requires responsive and adequate infrastructure support. In addition, to implement the health protocol, it is necessary to periodically check for antigens, routinely sterilize

the room, provide a comfortable work space, provide supplies of health needs and arrange an adequate schedule.

During the audit, BPK team continues to strive to be able to convey messages clearly with the appropriate tone choices. This strategy was carried out, among others, in communicating the results of the Long Form Report audit which involved experts such as ANAO's Senior Advisor, Kristian Gage, to provide input in the reporting process.

"The success of the audit and communication process carried out by BPK through the LFR can be seen from the appreciation from IMO management, where for the first time reports from external auditors have received attention from member states at the IMO Council Meeting. This is a proud record and also a motivation for BPK to be able to become a role model and improve the quality of the effective communication process in audits to build sustainable harmonization with the entity," he added.

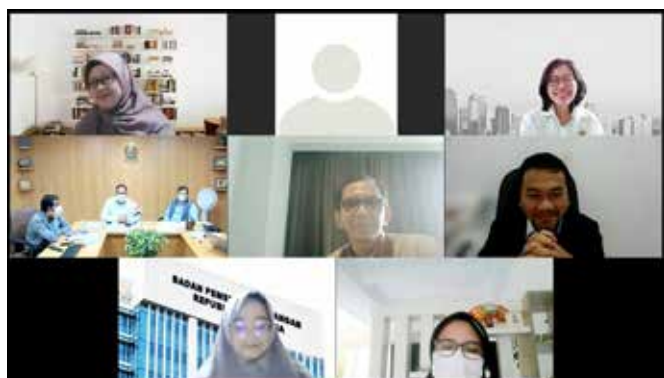
Nanik said that BPK's experience in auditing IMO is expected to help the performance of ministries/agencies in Indonesia, particularly related to issues managed under the Ministry of Transportation. BPK team can be a bridge in the context of deepening understanding and also implementing standardization of sea transportation management. ●



■ Audit team of IMO, WMI, and IMLI.

## BPK SHARES ITS INITIATIVE ON THE ESTABLISHMENT OF SAI20 TO SAI INDIA AND SOUTH AFRICA

SAI20 will foster a spirit of partnership and collaboration among SAI, government, and stakeholders as they work together to recover from the Covid-19 pandemic.



“

**We believe that the initiative to establish SAI20 is timely and critical, particularly in light of the current tremendous challenges of the Covid-19 pandemic.**

The Audit Board of the Republic of Indonesia (BPK) initiates to establish a Supreme Audit Institution (SAI) forum for G-20 or SAI20 members. This forum will be aiming to support Indonesia's G-20 presidency, which will take place from December 1, 2021 to November 20, 2022.

BPK starts to share the initiative to establish the forum to a number of SAIs from G-20 member countries. Last July, BPK held virtual bilateral discussions with SAI India on Monday (19/7) and SAI South Africa on (28/7). The discussion was led by BPK Secretary General Bahtiar Arif.

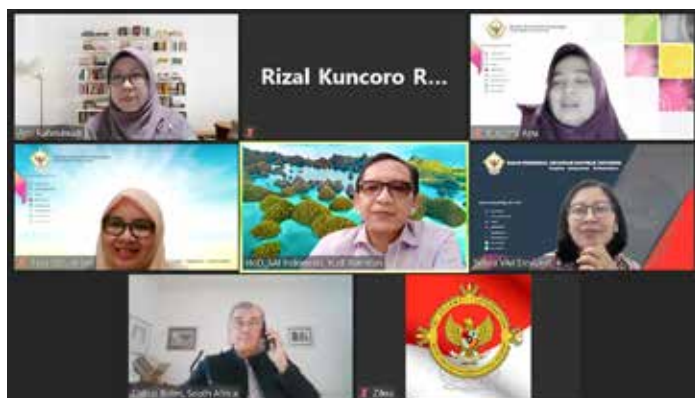
Bahtiar states that Indonesia, as the G-20 Presidency, takes the initiative to establish SAI20 for several purposes. The first goal is to assist G-20 leaders, particularly in terms of transparency, accountability, and good financial governance.

The second goal, according to Bahtiar, is providing platform for SAIs in the G-20 to share their perspectives, knowledge, and best practices, particularly in dealing with the challenges of the pandemic, economic recovery, and improving the implementation of the Sustainable Development Goals (SDGs).

Meanwhile, another goal of establishing SAI20 is to build global partnerships with various stakeholders, to contribute to the G-20 community by providing solutions, and to promote good and accountable governance based on the SAI's mandate, role, and function.

"We believe that the initiative to establish SAI20 is timely and critical, particularly in light of the current tremendous challenges of the Covid-19 pandemic," said Bahtiar.





The impact of the Covid-19 pandemic, according to Bahtiar, was felt by almost all countries. The pandemic has caused shocks and a slowdown in the economy. The G-20 countries, he believes, play an important role in global recovery efforts.

"Recognizing that post-pandemic recovery is a challenging task for many countries, SAI20 is expected to act as a strategic partner for governments in the G-20 by providing oversight, insight, and foresight," he said.

The SAI20 forum, according to Bahtiar, could help develop ideas and share experiences or best practices on how SAI acts in the response and recovery phase of the COVID-19 pandemic, including accelerating SDG achievement. SAI20 will foster a spirit of partnership and collaboration among SAI, government, and stakeholders as they work together to recover from the Covid-19 pandemic.

"We also want to inform you that the Indonesian Foreign Minister have informed several G-20 ministers about the SAI20 initiative on the

sidelines of the G-20 Foreign Ministers Meeting last month in Italy. "The SAI20 concept was also welcomed," he added.

These bilateral discussions between BPK and SAI India and SAI South Africa were also attended by BPK Head of Bureau of Public Relations and International Cooperation, Selvia Vivi Devianti and BPK Senior Auditor of Investigative Audit, Yudi Ramdan Budiman, and also accompanied by the Head of International Cooperation Division, Kusuma Ayu Rusnasanti, as well as the Head of Sub Division of INTOSAI, ASOSAI and ASEAN-SAI, Ami Rahmawati. ●

## Background

### Establishing SAI20 as a new Engagement Group in Indonesia's G20 Presidency

SAI 20, will serve as a platform for the meeting of SAI of G20 member countries to:

1. provide contributions to G20 leaders especially in areas of transparency, accountability, and good governance,
2. share views, knowledge and best practices among G20's SAI, especially in facing the current pandemic challenges and its economic recovery, as well as enhancing the implementation of SDGs
3. build global partnership with multi-stakeholders, contribute to the G20 community by providing and promoting good and accountable governance based on our SAIs mandates, roles and functions



## BPK CALLS ON AUDITORS IN ASEAN TO INCREASE THEIR CAPACITY

The 6th ASEANSAT Senior Officials' Meeting agreed on several things to be followed up.



**B**PK as the Secretariat of ASEAN Supreme Audit Institutions (ASEANSAT) organized and attended the 6th ASEANSAT Senior Officials' Meeting (SOM) held virtually on 28 and 29 July 2021. This meeting discussed strategic issues related to the sustainability and governance of ASEANSAT.

The Secretary General of BPK Bahtiar Arif chaired the meeting as Head of the ASEANSAT Secretariat. He said, during the pandemic situation like now, ASEANSAT should adapt and remain committed to facilitating its members to continue to increase their institutional capacity. The support from members is essential to achieve the goals of ASEANSAT.

Bahtiar further expressed that he expected the meeting would make constructive decisions that enable ASEANSAT to mature as an organization. The SOM activities began with a preparatory meeting on 27 July followed by the SOM on July 28-29. On 29 July the pre-handover of ASEANSAT Chairmanship activity was also held. About 67 participants from the 10 ASEANSAT member countries attended the meetings, and led by a Senior SAT Officer from each respective country.

During the SOM, BPK also presented the results of analysis of the study conducted by the Task Force on Legal Capacity (TFALC) of ASEANSAT, the proposed agenda for the 6th ASEANSAT Summit, the financial statements of ASEANSAT, and the proposed

budget for 2022-2023 activities.

In addition to being attended by the Secretary General of BPK, the meeting was attended by representatives from work units in BPK, including the Directorate of Investigative Audit, Directorate General of Legal Affairs, Directorate General of Planning, Evaluation and Development, and the Secretariat Team from the Bureau of Public Relations and International Cooperation.

The meeting agreed on several things to be followed up:

1. Revision of the ASEANSAT Rules and Procedures, Strategic Plan 2022-2025, TOR for Knowledge Sharing Committee, and Committees' Work Plan will be adjusted by taking into account the input from the participants of the SOM and will be circulated to all members two weeks after the SOM;
2. ASEANSAT already has the legal capacity, so it is not necessary to amend the ASEANSAT Agreement.
3. The 6th ASEANSAT Summit will be held virtually on 2 November 2021 with the Secretariat and the Executive Committee working together to prepare this event.
4. The participants' agreement on the appointment of the ASEANSAT Committees 2022-2023, the proposed budget for the activities of the ASEANSAT 2022-2023, and the appointment of the auditor of the financial statements 2020-2021 of ASEANSAT will be presented at the 6th ASEANSAT Summit for the Assembly's approval. ●



## BPK SHARES AUDIT KNOWLEDGE WITH SAO THAILAND

Chairman of BPK hopes that the training activities can provide fresh ideas and lessons from the experiences of the two SAIs that can be implemented in the future.

**T**he Audit Board of the Republic of Indonesia (BPK) is trusted to be the subject matter expert (SME) in the Executive Development Program Class 10 held by the State Audit Office of The Kingdom of Thailand (SAO Thailand). The activity was carried out virtually for two days, on 2-3 August 2021.

The Executive Development Program is a competency development program for officials at SAO Thailand. The activity was attended by around 50 participants who are the Directors of SAO Thailand.

In the event managed in a training format, BPK shared experiences and knowledge on the topic of Audit for the Future which includes several sub-topics of discussion, namely the use of technology and big data analytics to support audits, audit of Covid 19 response, best practices for auditing Sustainable Development Goals (SDGs), and foresight to the post-pandemic.

Chairman of BPK in his speech expressed his gratitude to SAO Thailand for trusting BPK as a partner and subject matter expert to share knowledge and experience in dealing with actual issues and global challenges, especially in the Covid-19 pandemic situation and the VUCA - Volatility, Uncertainty, Complexity and Ambiguity era.

In this difficult and challenging situation, a Supreme Audit Institution (SAI) is required to carry out its mandate properly, produce quality audit reports, and meet public expectations. Therefore, BPK uses various strategies in its audit to ensure the quality of its audit results, including digital transformation, the use of big data analytics, formulating and implementing a strategy for auditing the government's response to the Covid-19 pandemic, and ensuring the achievement of the 2030 agenda.

BPK also offers a scenario for strong governance. Therefore, Chairman of BPK invited other SAIs to do the same thing in order to create resilience during the Covid-19 pandemic. Chairman of BPK hopes that the training can provide fresh ideas and lessons from the experiences of the two SAIs that can be implemented in the future, as well as contribute to ASEANSAI, ASO-



SAI, and INTOSAI.

Meanwhile, the Auditor General of SAO Thailand, Prajuck Boonyoung, expressed his gratitude to BPK for its willingness to share their knowledge and experience on the topics discussed. SAI Thailand is currently also facing various changes in performing audits, both changes in work patterns and methodologies due to the impact of the Covid-19 pandemic.

In addition, SAO Thailand is preparing to improve the quality of audits in the future and hopes to get input and insights from BPK's experience to be able to increase the insight and knowledge of the auditors at SAO Thailand. He also hopes that this activity can strengthen the relationship between the two institutions in the future and increase the contribution of the two SAIs in encouraging accountability in public financial management.

The event was attended by the Chairman of BPK and Auditor General of SAO Thailand who was accompanied by the Deputy Auditor General of SAO Thailand, the Inspector Generals, and the State Audit Advisor of SAO Thailand. Meanwhile, from BPK, Secretary General Bahtiar Arif was present along with BPK Director of Public Relations and International Cooperation, Selvia Vivi Devianti, and subject matter experts from Directorate Generals of Planning, Evaluation, Research, and Development, Directorate General of Audits (AKN) III, AKN IV, AKN VI, Directorate of Information Technology, and team from Directorate of Public Relations and International Cooperation. ●

## BPK CHAIRMAN AND EXPERTS FROM VARIOUS COUNTRIES DEVELOP ANTI-CORRUPTION STRATEGIES

A total of 15 Chandler Sessions participants are expected to write at least one paper outlining their ideas and practices for preventing corruption.

**B**PK Chairman, Agung Firman Sampurna was invited to participate in the project "The Chandler Sessions on Integrity and Corruption," attended by participants from various countries. The project, led by the University of Oxford's Blavatnik School of Government, aims to collaborate with various institutions to develop next-generation strategies to combat corruption and promote an integrity culture across the public sector.

The program is scheduled to last until 2023. On the 26th and 27th of July, the Chairman of BPK attended the first meeting of "The Chandler Sessions on Integrity and Corruption." On July 26, the meeting participants discussed the topic of independence and detection.

On the first day of the meeting, BPK Chairman made a statement about BPK's independence within the Indonesian state structure. On the second day, 27 July 2021, the meeting then reviewed the first day's discussion, measuring the success or progress of dealing with corruption, and strategic partnerships between governments in combating corruption.

A total of 15 Chandler Sessions participants are expected to write at least one paper outlining their ideas and practices for preventing corruption. They may also collaborate with other participants or academics to write a paper.

The completed paper will then be distribu-



■ Agung Firman Sampurna



■ Christopher Stone

ted by the Blavatnik School of Government and its partners. These papers will later be used as curricular materials on integrity and corruption. Professor Christopher Stone and post-doctoral research colleagues will discuss the paper.

The event was attended by participants from various countries and from across fields. In addition to BPK Chairman, those present included Kamel Ayadi (Founding Chairman of GIACC-MENA, Tunisia), Monika Bauhr (Associate Professor, the University of Gothenburg, Sweden), Izabela Correa (Post-Doctoral Associate, Blavatnik School of Government), Shamila Batochi (National Director of Public Prosecutors, South Africa), Martha Chizuma (Director of Anti-Corruption Bureau, Malawi), Todd Foglesona (Associate Professor, University of Toronto, Canada), and Bolaji Owasanoye (Chairman Independent Corrupt Practices Commission, Nigeria).

In addition, this event was also attended by Kathleen Roussel (Director of Public Prosecutions, Canada), Tanka Mani Sharma (AG Nepal), Lara Taylor-Pearce (AG Sierra Leone), Prof. Christopher Stone (Chair of the Chandler Sessions), Gustavo Gorriti (Journalist from IDL Reporteros, Peru), John Allan Namu (Journalist from Africa Uncensored), Annalee Erickson (Chandler Foundation), Tim Hanstad (Chandler Foundation), and Leslie Tsai (Chandler Foundation). ●



■ Kathleen Rous...

■ Todd Fogleso...

■ Kamel Ayadi T...

## HOW TO CONDUCT AUDIT IN THE POST-PANDEMIC ENVIRONMENT?



BPK has formed a working group involving all Directorate General of Audits to support the audit of the pandemic.



**T**he Audit Board of the Republic of Indonesia (BPK) once again collaborate with the Australian National Audit Office (ANAO) to hold a virtual senior management dialogue on Friday, July 30, 2021.

The event is the continuation of the first session conducted between BPK Chairman and Auditor General of ANAO held on June 10, 2021.

The theme of the Session II is "The Role of Audit by SAI in the Post-Covid-19 Pandemic". Through exposures and close dialogue between senior officials, both institutions hope to gain in-depth insight on how to conduct audits in the post-pandemic environment. The focus is on key challenges, audit risks, audit approach, key findings and audit recommendations.

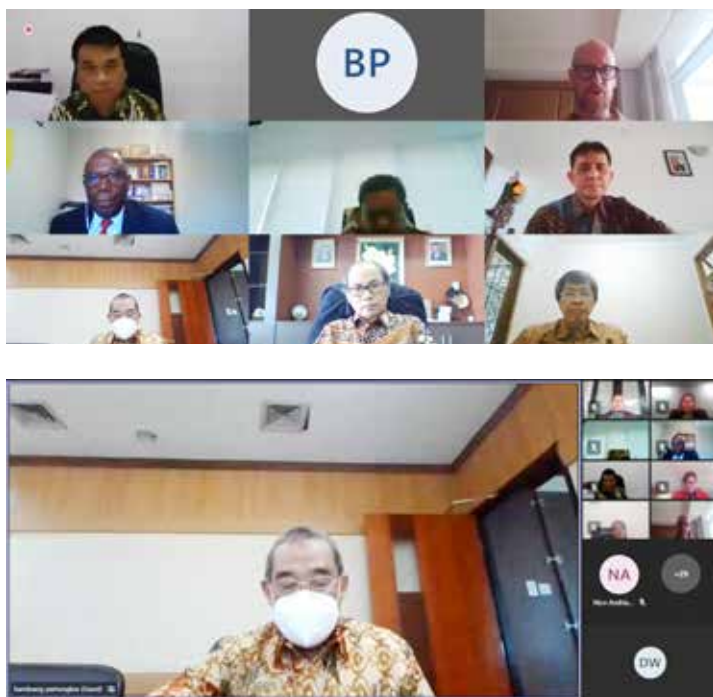
The event is moderated by ANAO's Senior Advisor for BPK Kristian Gage. It is attended by high-ranking ANAO officials, high-ranking and several middle-ranking BPK officials and representatives of related working units.

It is opened with remarks from BPK Secre-

tary General Bahtiar Arif and Jane Meade as Group Executive Director Professional Services & Relationships Group ANAO. In his speech, Bahtiar Arif says the results of the discussion are expected to provide important inputs for the two institutions. It is considering that SAIs' effectiveness is currently highly dependent on their ability to provide appropriate interventions during the Covid-19 pandemic. SAI needs to focus on the risks that arise and how to use its position in the country's financial management system for the benefit of the community, government and all stakeholders.







**BPK has formed a working group involving all Directorate General of Audits to support audits related to the pandemic.**

In her remarks, Jane Meade expresses her appreciation to all parties at BPK, who continue to be committed to carrying out bilateral cooperation in accordance with the 2020-2021 Workplan, especially regarding the role and performance of the two SAs in dealing with the changing operating environment as a result of the Covid-19 pandemic.

BPK's main speaker in the discussion is Director General of Audit III Bambang Pamungkas, who is the State Budget Coordinator of the Executive Committee of the Audit Working Group on Management and Accountability of the State Finance in Handling the Covid-19 Pandemic in 2020.

Bambang explains that BPK has formed a working group involving all Directorate General of Audits to support audits related to the pandemic. The working group consists of steering and organizing committee, planning and development subcommittee, reporting subcommittee and quality assurance subcommittee.

The audit, he says, assesses refocusing and reallocation of entities' budgets, health, social

security, national economic recovery, procurement of goods/services during disaster emergencies and disaster management. BPK has also developed an audit strategy in order to achieve optimal and timely results to minimize the risk of Covid-19 transmission to auditors.

The audit strategy implemented by BPK includes first, forming a working group to optimize the audit. Second, optimizing the use of information and technology to obtain data and information (big data analytics). Third, performing online audit procedures in conducting confirmations and interviews to collect audit evidences. Fourth, running the health supporting system by implementing strict health protocols in every audit procedure.

ANAO's presentation is delivered by Jane Meade, Bola Oyetunji (Senior Executive Director of the Systems Assurance & Data Analytics Group) and Carla Jago (Group Executive Director of Performance Audit Services Group). In the first part of the presentation, Jane conveys situation and development of Covid-19 cases in Australia, as well as ANAO's response in carrying out financial audits during the pandemic. Jane says that Covid-19 has presented a new major risk area in the process of preparing and carrying out audits of financial statements.

Next, Carla Jago presents ANAO's performance audit and describes how the pandemic and the government response have had a significant impact on the risk environment faced by the Australian government sectors.

It has an impact on the audit tasks ANAO performs, including performance audits. The design and implementation of new policies may also present new risks, such as changes in information systems and technology, fraud, information management, privacy, compliance and regulatory effectiveness.

In addition, Bola Oyetunji explains about the quality assurance, revealing how the pandemic requires ANAO to consider supports for the audit team in navigating audit responses to the changing risk environment and the conduct of audit quality assurance process.

Bola also explains how ANAO's quality assurance is implemented and adapted to the pandemic situation, of which three phases of planning, reviewing and reporting are affected by the pandemic. Hence, it requires adjustments mainly due to the implementation of remote work or working from home (WFH) policy. ●



## UNDERSTANDING THE IMPACT OF COVID-19 ON HUMAN RESOURCES AT SAIs

There are four main issues related to the impact of the Covid-19 pandemic on human resources.

**B**PK delivered a presentation on these four main issues related to the impact of the Covid-19 pandemic on human resources at the Session III of the Senior Management Dialogue on Tuesday, 3 August 2021. This event was held in collaboration with the Australian National Audit Office (ANAO) and the theme was "Understanding and responding to the impact of Covid-19 on issues of human resources at SAIs".

The management-level discussion was opened with the remarks from Bahtiar Arif, Secretary General of BPK and Jane Meade, Group Executive Director of Professional Services & Relationships Group of ANAO. The event, moderated by Kristian Gage, ANAO's Senior Advisor for BPK, was also attended by high-ranking ANAO officials, and BPK middle-level officials, and several high-ranking officials from BPK's service offices. Also present at the event were representatives of HR Division of BPK, as a work unit that manages employees at BPK.

In his presentation, Bahtiar Arif mentioned four main issues related to the impact of the Covid-19 pandemic on human resources. First, understanding and measuring the impact of the Covid-19 pandemic on human resources at BPK. Second, strategies and approaches to promote work/life balance. Third, the approach to management of mental and physical well-being of employees. Lastly, provision of support for staff members during the Covid-19 pandemic and post-pandemic situation.

He further said that the Government of Indonesia has issued a national policy that advises organizations and companies to regulate their employees to work remotely from home. This is in response to the high number of positive cases of Covid-19 in Indonesia.

In response to this policy, BPK has also issued several initiatives that allow its employees to work remotely from home while maintaining their productivity. The current working from home (WFH) initiative is an alternative work arrangement to minimize the risk of transmission of Covid-19 while enabling employees to continue to perform their duties and work.



There is some beneficial impact of WFH on organizations and employees. However, it also has several weaknesses and problems that need to be considered and addressed properly by the organization.

From the experience faced during the pandemic, Bahtiar explained that BPK had several initiatives which were implemented as a new work system. These initiatives include, first, flexible working hours so that employees feel more comfortable doing the work according to their individual preference. Second, flexible workspace so that employees can complete their tasks efficiently and effectively. Third, employees' performance is assessed/measured from the outputs completed based on the agreed targets with their superiors. Fourth, increasing the intensity of the use of IT in doing the work during the pandemic which has changed the work rhythm and the work monitoring system to maintain work performance of the organization.

The next presentation was delivered by Jane Meade, Jacquie Walton (senior executive director, Corporate Management Group), and Trish Mardiyants (senior director, People Support).



**Employee productivity is managed through managers who will keep in regular contact with the staff through virtual meetings and monitoring of submitted work.**



### **Motivation of Employees**

In her presentation, Jane said that like in Indonesia, Covid-19 also had a significant impact on the work of ANAO. When the Australian government implemented the lockdown policy, most ANAO staff also worked remotely in accordance with the government's social distancing protocols and workplace regulations.

Even though employees are working from home, she said, it is very important to maintain the level of employees' involvement and motivation. This is done through team development and strong organizational culture.

Jane said that at ANAO, the staff receive daily text messages and other means of internal communication, such as newsletters to optimize the communication process. Employee productivity is managed through managers who will keep in regular contact with the staff through virtual mee-

tings and monitoring of submitted work.

ANAO also recognized that flexible work arrangement during the pandemic can provide opportunities and benefits for employees, auditees and the organization. Jacquie Walton added that her agency is focused on providing employees with flexible work arrangement options.

This action is taken while continuing to make the effort to perform the organization's responsibility for managing the health and safety of its employees. "For ANAO, it is important to be able to focus on assessing and being able to see the work accomplished by employees, not just the quantity of work hours," she said.

Meanwhile, Trish Mardiyants revealed that ANAO provides support to its employees who work from home. The support includes lending office facilities to employees, from chairs to computers. Then she also gave tips to support the changing working conditions, and to provide guidance to maintain productivity of its employees, managers, and top leaders of the organization.

Head of Directorate General of Planning, Evaluation and Development of State Financial Audit, B Dwita Pradana, raised a question about ANAO's effort to calculate the risks in the implementation of the new work system during the pandemic. Jane Meade responded by saying that ANAO discussed and made a list of risks when implementing the new policy so all of risks could be mitigated.

Meanwhile, Blucer W Rajagukguk, Director General of Legal Affairs, raised a question about the impact of working-from-home policy on legal aspects at ANAO. This is due to the fact that the implementation of the new work system requires the use of IT and IT systems. Responding to the question, Jane said that the IT procedures for auditing used during the pandemic do not experience much change from before the pandemic.

Based the regulation, ANAO has the legal right to gain access to the databases of entities. It was explained that actually ANAO had been planning to have the direct access for a long time, but the entities appeared to be reluctant to share the access.

It can be said that, given the pandemic, there has been a change in the way ANAO works and collects data. Now, ANAO has successfully gained access to the databases of entities. Instead of adding to the risk, the use of this access has improved the efficiency of ANAO in the collection of data and controls in the databases of entities. ●





## STAY PRODUCTIVE DURING A PANDEMIC

Employees feel happier with flexible work arrangements.

**T**he Covid-19 pandemic has had a significant impact on the work patterns of Supreme Audit Institutions (SAIs) around the world. The Australian National Audit Office (ANAO) is one institution that has to adapt its work environment to the pandemic conditions.

Group Executive Director, Professional Services and Relationship Group ANAO, Jane Meade, in an interview with the editor of *Warta Pemeriksa*, Monday (30/8), said that the Covid-19 pandemic encourages certainty in flexible work arrangements.

Meade said that ANAO actually already had provisions regarding flexible work arrangements even before Covid-19. However, it is still not consistently applied in every part of the organization.

If an employee wants to work from home for personal reasons, the permit is highly dependent on the manager's decision. Meanwhile, at that time (before the pandemic), many managers were still skeptical of the remote working pattern.

"Because the manager does not see it di-



**There are clear rules on how to get flexible working hours. So, employees can decide whether to work from home one day a week or half a day a week.**



rectly so he cannot make sure his staff is doing the job or not. Trust at that time was still a challenge," she said.

Then, after experiencing a period of working from home last year, it turns out that employees can remain productive. From this, ANAO felt the need to be more consistent in creating provisions for work flexibility.

"There are clear rules on how to get flexible working hours. So, employees can decide whether to work from home one day a week or half a day a week," she said.

Based on the results of an internal survey, workers also feel happier with the flexible work arrangement. In addition, ANAO also benefits because there are many positive things that can then be achieved when employees work optimally.

"I think that is a benefit, because sometimes there are people who can be more productive when working from home. Because they do not find any distractions that might actually arise when working in the office," she said.

Jacquie Walton, Senior Executive Director, Corporate Management Group of ANAO, told *Warta Pemeriksa* that the work pattern at ANAO has changed a lot after the pandemic. In a state of lockdown, communication relies heavily on digital technology. Meetings are held virtually.



**Conducive working conditions were continuously created by strengthening social relations between co-workers.**



Managers also set ways to maintain the performance of staff or team members.

"Before the pandemic, we worked in offices with normal working hours of nine to five. However, with the pandemic, we are working more flexibly. In the past, it could usually be done face to face, now it has to be by telephone or video call," said Walton.

The pandemic condition also has an impact on audit work. Communication with entities is done virtually. In addition, the data needed in the audit is also obtained by remote methods. This is very different from the conditions before the pandemic when auditors could search for the desired data directly.

In the lockdown situation, although most ANAO employees work from home, the office is still open. This is to provide work space for employees who live at home with crowded conditions.

To that end, ANAO has also developed

a Covid Safe Plan. This is to keep the office conditions safe.

"We ask for social distancing, there are health protocols, and everyone must wear masks," she said.

Regular meetings with the Auditor General and his deputies are also held twice a week. This is to discuss current issues related to the pandemic and how it affects employees.

Walton said ANAO is trying to pay attention to the mental health issues of employees in the face of the pandemic. One of the things implemented is to encourage managers to stay connected with team members.

"So we try to keep social relations like holding a virtual team meeting in the morning. We also urge employees even though they work at home not to sit at a desk for hours a day. Take a break, take a break and get away from the laptop," she said.

Walton assessed that the pandemic had forced ANAO to think about being able to continue operating within many limitations. Business processes continue to be refined so that ANAO continues to operate optimally.

"Maybe if the pandemic didn't come, we would not have done it," she said.

ANAO has also conducted a survey of employees to obtain data on the communication relationship between managers and staff in this flexible work pattern. The result, said Walton, is that with the work from home mechanism there is an improvement in the communication relationship between managers and staff. In addition, there is a better understanding of work-life balance.

ANAO's Senior Advisor for BPK, Kristian Gage, said that conducive working conditions were continuously created by strengthening social relations between co-workers. He gave an example, some teams hold quizzes once a week. This is done every Friday afternoon and involves all team members.

Team members will be challenged to answer questions about various topic like sports, history, or even popular culture. "So, the content of the quiz is also more related to strengthening team relationships rather than focusing on work elements," he said. In addition, ANAO also publishes an in-house magazine that displays the activities of managers and employees during the pandemic that can be an inspiration for other employees. ●

## ASSESSING FISCAL DECENTRALIZATION

A manual review book that will be published by BPK covers indicators that can be used to assess the quality of fiscal decentralization in local governments.



pressfoto - freepik

**R**egional autonomy gives local governments more opportunity in managing their regions in order to provide better services to the community. Regional independence is an important aspect of the birth of autonomy, as is fiscal decentralization.

Fiscal decentralization must be reviewed in order to improve transparency, accountability, and the quality of local fiscal governance. The Audit Board of the Republic of Indonesia (BPK) stated that, despite the fact

that the regional autonomy policy had been in place for nearly 20 years, regional fiscal independence was still very low in general.

In this regard, BPK intends to publish a manual for fiscal decentralization review, which will include indicators for assessing the quality of fiscal decentralization in local governments. As part of a series of activities in the preparation of the Fiscal Decentralization Review Manual, BPK held an international seminar with the topic "The Importance of Fiscal Decentralization Evaluation to Promote Regional Development".



The seminar that held on Thursday, August 19, 2021, brought together policymakers and experts in the fields of regional autonomy and fiscal decentralization, from both within and outside the country.

Astera Primanto Bhakti, Director General of Fiscal Balance, stated at the international seminar that regional autonomy and fiscal decentralization are tools for the state to achieve its goals, namely the distribution of welfare throughout the Republic of Indonesia. The State Finance Policy includes fiscal decentralization as well.

According to Law 33/2004 and other related laws, granting financial resources to local governments in the context of implementing decentralization is based on the delegation of tasks by the government to local governments while taking fiscal stability and balance into account.

According to the Ministry of Finance's assessment, the regional taxation ratio is still relatively low, and it needs to be strengthened while maintaining a favorable business environment. Since 2001, the level of service and development in the regions has increased nationally. Transfers to the regions and village funds support one of these. Unfortunately, despite an increase in regional financial capacity, development outcomes have been still disappointing. This is due to the fact that the quality of regional spending is not yet optimal.

Astera also stated that based on the fiscal independence review, the majority of local governments (443 out of 503 local governments, or 88.07 percent) were classified as "Not yet Independent." Even after the Covid-19 pandemic in 2020, the majority of local governments (468 out of 503 local governments, or 93.04 percent) have not changed their



**There are still problems and challenges in implementing regional autonomy. Among other things, there are still many local regulations that are unfavorable to investors and have not been updated in accordance with the Ciptakerja Act.**

fiscal independence status/category since 2013. According to the presentation, "the gap in fiscal independence between regions remains quite large."

Although the fiscal independence index indicates that conditions are not yet optimal, an evaluation of the quality of fiscal decentralization reveals that it is very good. This can be seen in policies at the central government level, which have generally enabled and encouraged local governments to meet the criteria for reviewing fiscal decentralization. Furthermore, the quality of fiscal decentralization in the four local governments tested is rated as 'Very Good.'

Meanwhile, Akmal Malik, the Ministry of Home Affairs' Director General of Regional Autonomy, stated in his presentation that there are still problems and challenges in implementing regional autonomy. Among other things, there are still many local regulations that are unfavorable to investors and have not been updated in accordance with the Ciptakerja Act. Furthermore, the regions have been unable to identify potential sources of income and optimize tax revenues and regional retributions.

There is also a trend toward a natural resource-based economic approach, with large-scale exploration of natural resources in the region, and a lot of infrastructure that needs to be improved. ●



## BPK HOLDS A SEMINAR ON FACING ERA 4.0



■ Agung Firman Sampurna

The performance audit toward entities in Indonesia shows that ministries/agencies deal with aspects of cyber security stills need improvement.

**B**PK held "The International Organization of Supreme Audit Institutions (INTOSAI) Working Group on IT Audit (WGITA) Virtual Seminar" on Thursday (2/9). The theme of the seminar was "IT Audit in the Era of

Industry 4.0: Opportunities and Challenges" and it was held representing BPK's commitment as a member of the Working Group on IT Audit at the International Organization for Supreme Audit Institutions (INTOSAI WGITA).

The seminar was held as a forum to share experiences among the supreme audit institutions (SAI) and stakeholders regarding the experience of information technology (IT) in the 4.0 era and the challenges faced. It was attended by 373 participants from 50 SAIs and was officially opened by the Chairman of BPK, Agung Firman Sampurna.

In his remarks, the Chairman of BPK said that in this 4.0 era auditors must adapt to the latest changes, including the advancement of technology. "Auditors nowadays are required to pay more attention to IT risk and are required to carry out technology risk assessments," he said.

This seminar presented various speakers from BPK, ISACA Indonesia, ANAO, and OAG Norway. The Main Auditor of State Finance I of BPK (Tortama KN I) Novy G. A. Pelenkahu delivered a presentation about the audit experience conducted by BPK regarding "BPK's Initiative in Auditing the National Cybersecurity Resilience".

In his presentation, Novy described the stages of audits carried out by BPK in conducting a performance audit on cyber security and resilience in Indonesia. According to him, the audits of performance of entities in Indonesia show that how ministries/agencies



**Auditors nowadays are required to pay more attention to IT risk and are required to carry out technology risk assessments.**

deal with the aspects of cyber security still needs improvement, for example, in the areas of compliance with applicable regulations, technical, organizational, capacity building, and cooperation.

Furthermore, Senior Partner from Ernst & Young Indonesia and Senior Member of ISACA Indonesia Chapter, Isnaeni Achdiat explained about "New Concern of IT Auditors". According to him, the audit of performance related to cyber security and resilience in an organization is challenging.

This is because the data and information are in various places. Therefore, Isnaeni focused on the approach to people in the organization as an important factor. That person is the chief information security officer (CISO) who sets the strategy for protection of the organization's data.

Edwin explained that, in conducting the audit on cyber security within the government, ANAO focused on the assessment and the implementation of mandatory requirements and security risk culture. ANAO is also said to have had six audit reports related to cyber security auditing in the government so far.

The last presentation was by the Chief Data Scientist, The Innovation Lab from the Office of the Auditor General of Norway, Jan Roar Becks-trom who presented "Auditing Machine Learning Algorithms".

Jan explained that today's global society can get a lot of benefits from the use of artificial intelligence (AI). However, there are also various risks.

In conducting an audit of this machine learning (ML) algorithm, Jan recommends one site, [www.auditingalgorithms.net](http://www.auditingalgorithms.net), to be used as a guide. The site is an international collaboration of auditors from SAIs from Germany, UK, Netherlands, Finland, and Norway. The role of auditors in the age of global technology is indispensable as governments start to use machine learning and AI.

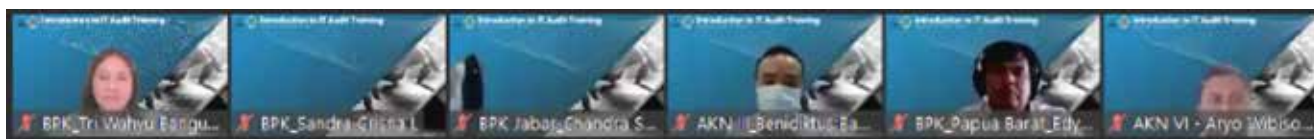
The seminar was closed by Head of Bureau of Public Relations and International Cooperation of BPK Selvia Vivi Devianti as the moderator. She concluded that the challenges in cyber security that exist in the global IT world are faced not only by auditors, but also by organizations.

The auditors's ability to formulate and understand audit methodologies is very important. By doing that, it can provide appropriate recommendations to organizations for data security protection.

"The increasing number of cyber disruptive attacks is positively correlated with increasing cyber security in various important organizational agendas and decreasing public trust in cyber security risk mitigation activities," she said. ●







## BPK HOLDS TRAINING ON SEEING ANAO'S IT AUDIT

This activity was the continuation of the first training session which was held on 16 August 2021.

**A**ustralian National Audit Office (ANAO) shared their experiences on audit approach in conducting the information technology (IT) audits to support the financial statement audits. This was summarized in the "Introduction to IT Audit Training Phase II" activity held virtually on Monday (30/8).

This collaboration between ANAO and BPK was a continuation of the first training session held on 6 August 2021. The activity was attended by 65 participants consisting of auditors from the audit work units of the Heads Office and Representatives throughout Indonesia. The Directorate of Research and Development and observers from the BPK PKN Education and Training Agency also participated.

The ANAO resource person in session II was still the same as presenter in session I. They were Senior Director, Systems Assurance and Data Analysis Group (SADA) Edwin Apoderado and Senior Director, Professional Services and Relationships Group Dale Stoddart.

In this second session, Dale and Edwin started their presentation with an introduction focused on the overview of the IT audit process that had been discussed in the first session. Then it was continued with a discussion which was focused on the process of preparation of Information Technology General Control (ITGC) in details. Including on the overall ITGCs operation is effective.

Six sub-sections were presented. First, design, implementation and operating effectiveness. This section discussed the scope which includes understanding and evaluating the



entity's ITGCs as the basis for formulation of IT audit strategies and steps.

Second, IT change management—controls and testing. This section discussed the evaluation carried out related to the IT change management carried out by entities. It also described several case scenarios found during the assessment of the entities' information system and the IT auditor's response to these case scenarios.

Third, access to programs and data—controls and testing. This section explained how to control and test access to data and programs by entities. The objective is to determine the extent to which the internal control system of entities has been implemented and whether it is effective to minimize various forms of deviation from program and data access.





Fourth, program development-controls and testing. This section explained how to control and evaluate program development implemented by entities. Fifth, computer operations-controls and testing. In this section ANAO explained the importance of conducting tests on how entities operate computers and implement control functions effectively.

Finally, sixth, evaluation of exceptions. This section explained how the auditor will react towards some exceptions in the entities ITGCs program and evaluate them by performing a root cause analysis. Accordingly a conclusion can be drawn whether the exception has an impact on transactions, controls, and financial statements or not.

"Introduction to IT Audit Training Phase II" was held to give an understanding and general description of the audit approach taken by ANAO in conducting IT audits to support the audits of financial statements. The expected output of this training was the increased insight of BPK audits in the implementation of IT audits. This includes obtaining various insights and lessons learned from ANAO's experience to optimize the implementation of financial audits and improve the quality of BPK's audit results.

The training was closed by the Head of the International Cooperation Division, Kusuma Ayu Rusnasanti. She expressed her appreciation and gratitude to the moderators and resource per-

sons from ANAO. "Tell me and I forget, teach me and I remember, involve me and I learn," she quoted Benjamin Franklin.

Through this training, the participants are expected to have broadened their view and knowledge in IT audits. In addition, the knowledge they learn can also be applied and implemented in higher quality audit assignments. Auditors are also expected to receive lessons learned as learning materials and improvements in the future. ●



## BPK FOCUSES ON FIVE MATTERS ON THE AUDIT OF INDONESIAN REPRESENTATIVES ABROAD

Some foreign representative offices are on rented buildings and there is no provision on the accountability for the organizing of Indonesian festivals, which are partially funded by contributions from sponsors.

**B**PK will focus on conducting audits related to the functions of the Ministry of Foreign Affairs. "In addition to auditing the financial statements, BPK will focus on conducting performance audit on five matters

starting from this year," said the Director General of Audit I (Tortama KN) I Novy Gregory Antonius Pelenkahu to *Warta Pemeriksa* recently. The five matters that Novy mentioned are the 4+1 priorities listed in the Ministry of Foreign Affairs' strategic plan: strengthening economic diplomacy, protection diplomacy, sovereignty diplomacy, increasing Indonesia's contribution and leadership, and diplomacy infrastructure.

Currently, said Novy, BPK is conducting performance audit on economic diplomacy. However, the audit will also pay attention to the four other priorities.

For example, in auditing the last financial statements, BPK recommends the Ministry of Foreign Affairs to have a standard for the premises (buildings) for Indonesian representatives abroad. This is based on the observation that the ratio of workspace and the number of employees which is not standard, or the location of the building is sometimes not representative.

In its audits, BPK discovered that some of the buildings of the Indonesian representative offices were rented and not owned. This is considered risky as the rents may be higher in the future and there will be costs of dilapidation (renovation costs) at the end of the lease term.

A problem may also occur when suddenly the owner doesn't want to lease out the building anymore, causing a very expensive rent offered for the lease extension. As a result, the costs incurred will be greater for relocation.

"Our question then, is there a standard for the premises? There is none. We recommend them to set the standard specifications for representative office buildings, for example, how far it



■ **Novy Gregory Antonius Pelenkahu**

should be from the location of the government complexes and how much office space per staff member. This issue is related to diplomacy infrastructure," said Novy.

Novy also explained about economic diplomacy, in which the Ministry of Foreign Affairs is at the forefront. He explained, economic diplomacy has been the emphasis of the government of Mr. Joko Widodo since 2014 and 2019.

For foreign affairs, this task is assigned to the Ministry of Foreign Affairs and one of the forms of economic diplomacy carried out by the Ministry of Foreign Affairs is to hold Indonesian festivals at several Indonesian representative offices abroad. These festivals promote Indonesian products to overseas buyers and are a forum that brings together Indonesian producers and potential buyers abroad. The problem is that there is no provision that regulates the accountability for organizing of the festivals, which are partly funded by the sponsor's contributions.

For example, related to contributions in the form of money, goods and services from companies or local governments holding the festivals. For some representatives of Indonesia, the money is not considered the state's money because it is not from the State Budget. Meanwhile, according to BPK, it is part of the state finance.

## Vaccine Diplomacy of Ministry of Foreign Affairs

**R**egarding the audit of economic diplomacy, something interesting has been done by the Ministry of Foreign Affairs. As we know, the pandemic that has lasted for almost two years has made it difficult for the Ministry of Foreign Affairs to achieve its economic diplomacy targets. The reason is the pandemic makes the economy declines and tourism is shut down.

Therefore, the Ministry of Foreign Affairs then shifted to vaccine or health diplomacy. "Is it included in the economic diplomacy or not? I request that this be included in the object we audit. Because this diplomacy will affect our economy very broadly," said Novy Gregory Antonius Pelenkahu.

Indonesia, he said, is one of the countries that has succeeded in the vaccination. This is because the government can get the vaccines quickly and in large quantities, while many other countries are still having trouble getting the vaccines.

Based on the data in BPK, the Ministry of Foreign Affairs, the Ministry of SOEs, and the Ministry of Finance have attempted to obtain vaccines by lobbies since the beginning of the pandemic or around March or April 2020. "So at the entry meeting, the Ministry of Foreign Affairs said that economic diplomacy did not achieve the target and it has shifted to vaccine diplomacy. Hence, it should be assessed as well. They said we mustn't just look at the economic diplomacy and consider the performance as bad," he said. ●

The reason, he said, is that the organizing of the festivals is under the responsibility of Indonesian representative offices abroad.

"If the organizing is done by an event organizer (EO) or an agent, the money from the company goes to the EO or agent. According to these representative offices, the money is not part of the state finance. However, if the money is lost at the EO or the agent, it is the Indonesian Embassy which will have to return the money. So it is part of the state finance. Finally they understand this. That's why BPK at that time advised the Ministry of Foreign Affairs to make the technical guidelines for accountability and discuss them together with the Ministry of Finance for the best solution," said Novy.

### Audit of Indonesian Representative Offices

Based on BPK data, said Novy, there are about 130 Indonesian representatives abroad, consisting of 94 Indonesian embassies, 3 permanent missions (PTRI) (1 in Geneva, 1 in New York, 1 in ASEAN), 30 consulate generals (KJRI), and 4 Indonesian consulates.

He explained that basically the audit of Indonesian representatives follows the audit stage at BPK. It begins with the planning which takes the form of data collection in Indonesia and communication with the auditees. Some documents are also usually already requested in advance. "So we have obtained the data before we make a visit. It's different if it's done online via Zoom application only. Looking at the complete data and having the discussions directly will make the discussions more intense," said Novy.

Because it is a routine audit, to make it easier, BPK creates clusters of representative offices based on risk. This is due to the limitation as it is not possible to visit the 130 representative offices in one year.

Novy said usually the maximum number of Indonesian representatives visited in one year is 10. This includes Indonesian embassies and Indonesian consulates general. Those less frequently visited are often considered more risky. Ideally all representative offices must be visited and audited by BPK. Since based on experience, when BPK made a visit to Indo-





nesian embassies or consulate generals that have never been visited, there were many findings and they needed recommendations for accountability and transparency in their financial management.

“Some representative offices have not been visited by BPK for a long time, that is the Indonesian Embassies in conflict areas. Such as Iraq, Syria, Afghanistan, or some countries in Africa,” he added.

However, according to him, there are good practices carried out by the Ministry of Foreign Affairs. When there is an audit plan from BPK, the Inspector General of the Ministry of Foreign Affairs conduct a review first before BPK conduct the audit. That way, the representative offices can be better prepared.

However, he said, due to the pandemic, the Inspector General of the Ministry of Foreign Affairs could not precede the audit by conducting a review first. From February to March 2021, BPK conducted direct audits at four locations: the Indonesian Consulate General in Istanbul, the

**We recommend them to set the standard specifications for representative office buildings, for example, how far it should be from the location of the government complexes and how much office space per staff member.**

Indonesian Embassy in Kiev, the Indonesian Consulate General in San Francisco, and the Indonesian Consulate General in Los Angeles.

“Usually the Ministry of Foreign Affairs first reviews the representative office, and in my opinion it is a good practice. But the last time due to the pandemic they couldn’t get ahead of us. So when we were there, there were a lot of things to be improved,” he said. ●

## Common Findings Obtained by BPK at Indonesian Representatives Abroad

### Accountability of activities.

There is a difference between the cash and the accountability report. Usually, there is a fee for the diplomats. However, because they are busy, the accountability report is sometimes delayed. Novy saw that it is true that several Indonesian representatives are extremely busy since they receive a lot of visits, for example, in the Netherlands, London, Singapore, Los Angeles, and New York. When BPK checked them, many accountability records had not been inputted because they spent a lot of time providing services to Indonesian citizens there.

### Costs of various benefits for diplomats.

What usually happens is that the benefits are paid in excess of what is stated on the provisions.

### Loan.

This happens, for example, when employees are new in the country of their placement and they need a place to live and school fees for their children. Then, they take out a loan.

### Exchange rate differences.

Wherever diplomats are placed, the currency issued from Indonesia is in US dollar. Therefore, when their country of placement has a different currency, problems can arise due to recording of foreign exchange differences.

## BAHRULLAH AKBAR AND BPK'S INTERNATIONAL ROLE

BPK's experience as the external auditor of IAEA inspired Bahrullah to initiate the application of Long Form Audit Report (LFAR) to the Financial Report of Regional/Local Government (LKPD).



**B**oard Member V of the Audit Board of the Republic of Indonesia (BPK) Bahrullah Akbar will enter his retirement in October 2021. Bahrullah has contributed so much to BPK during his 35 years of service, including in BPK's international activities.

Bahrullah's role in BPK's success gaining trust as the external auditor of a number of international organisations cannot be denied. He played an active role in BPK's nomination as external auditor of International Atomic

Energy Agency (IAEA), which was BPK's first international experience as external auditor.

Since then, BPK's name has been increasingly recognized worldwide. In fact, BPK is trusted to be the external auditor of other international agencies. As for the IAEA, BPK is entrusted for 3 periods.

During his tenure as BPK Board Member V, Bahrullah attended the 59th General Conference of IAEA in Wina on September 14-18 2015. As the Head of Delegation, he was present to make sure that BPK's nomination as IAEA's external auditor was successful.

Previously, the bidding proposal was submitted by the former BPK Vice Chairman Sapto Amal Damandari on February 3, 2015. It was coincided with the 2nd UN/INTOSAI Joint Symposium in Vienna, Austria.

Then on September 17, 2015, President of the 59th IAEA General Conference Filippo Formica decided by consensus to appoint BPK as the external auditor for 2016-2017 period.

Bahrullah's active role continued as BPK conducted its role. On March 12, 2018, in his capacity as BPK Vice Chairman, he paid a visit to Vienna, Austria to give special directives to the IAEA audit team.

During his visit, he held a courtesy meeting with the IAEA Chair of the Board of Governors. The point of discussion included professional responsibility of BPK auditors to comply with the International Standards on Auditing (ISA) 260 on communicating with Those Charged with Governance (TCWG) or



**LFAR initiatives was inspired by the IAEA audit, during which IAEA proposed for BPK to not only assess their financial report, but also their performance report.**



■ Bahrullah Akbar



other relevant parties having great interest in IAEA's good governance.

BPK was obliged to determine the appropriate party to be referred to as the TCWG in IAEA's structure and governance. BPK was of the opinion that based on the statute and organization structure, BoG was considered the most appropriate party to be referred to as TCWG. BoG's responsibilities as TCWG were to oversee IAEA's strategic direction and obligations in management reporting, including overseeing process of preparing financial statements.

Then, on May 8, 2017 BPK Vice Chairman Bahrullah Akbar represented BPK in submitting the Financial and Performance Audit Report on IAEA in Vienna, Austria. At that time, BPK conveyed 23 recommendations related to financial and performance issues.

When interviewed by *Warta Pemeriksa* this early October, Bahrullah Akbar stated that the external audit experience in IAEA inspired him to initiate the application of Long Form Audit Report (LFAR) to the Financial Report of Regional/Local Government (LKPD). Through LFAR, BPK conducts a financial audit which puts emphasis on performance aspects achieved by the audited entity during the audit period.

"LFAR initiatives was inspired by the IAEA audit, during which IAEA proposed for BPK to not only assess their financial report, but also their performance report," Bahrullah ended. ●





■ Vice Chairman of BPK, Agus Joko Pramono

## IT STARTS FROM VIENNA

After becoming an external auditor of the IAEA, BPK is getting more recognized internationally.

**T**he Audit Board of the Republic of Indonesia (BPK) has been trusted as external auditors by a number of international organizations. One of the trusts was given by the International Atomic Energy Agency (IAEA). The agency under the United Nations (UN) entrusts BPK as their external auditor for three audit periods or for six years.

The appointment of BPK as an external auditor of IAEA which based in Vienna, Austria, is an important milestone for BPK in the international community. After becoming an external auditor of IAEA, BPK is getting more recognized internationally. Following that achievement, another international agency under the United Nations, the Institute Maritime Organization (IMO), has also appointed BPK as their external auditor.

Vice Chairman of BPK, Agus Joko Pramono, said, there are many advantages for BPK by becoming an external auditor of international orga-







**Their internal control system and their checks and balances really work. So, if there are even minor problems, it will be quickly identified. Then, deviations will be mitigated quickly because they have a pretty good culture of checks and balances.**

nizations. One of the advantages, said Agus, is that BPK can find out best practice in the international community regarding the implementation of public accountability.

"For we can improve business processes at BPK through implementing standard operating procedures in regard to public accountability internationally. We can also provide insight related to best practices at BPK, so that we can exchange experiences and insights with other SAIs. Moreover, we were appointed as an external auditor of IAEA not for a short term, but for six years," Agus said while talking to *Warta Pemeriksa* in mid-October.

Agus said BPK would continue to improve its work in the international arena. BPK already has programs and strategies to improve the positioning of BPK in the international arena.

"And we are grateful that the international community in this case the United Nations (UN) welcomes us to take part as an external auditor

in several organizations under the UN," said Agus.

Based on the six years of experience in auditing IAEA, Agus said that there were several best practices obtained by BPK. First, regarding segregation of function or the separation of functions. Agus said, IAEA has really done a very good job in separation of functions within the organization. "Who does the operations to who does the supervision, it's really going well. The IAEA reporting system is also well standardized," he said.

Agus added that the most important thing that BPK got from the audit process at international organizations, including IAEA, was about corporate culture. He said, an organization must head to something better culturally.

The improvement is not only in the context of compliance management procedures and systems, but also in the context of behavior and day-to-day management of the organization.



Agus explained that international organizations have a very good and advanced work culture. "Their internal control system and their checks and balances really work. So, if there are even minor problems, it will be quickly identified. Then, deviations will be mitigated quickly because they have a pretty good culture of checks and balances," said Agus.

### Appreciation from IAEA

Agus said that BPK's performance as an external auditor received appreciation from IAEA. IAEA, through a written letter, gave a very good feedbacks of the team's performance, they were also very satisfied and felt that what BPK audit team had done was very helpful for IAEA in increasing accountability and transparency in financial management.

"IAEA even re-appointed BPK as their external auditor in the second period by the end of the first period. They did not re-tender, but appointed us right away," said Agus.

Looking back, BPK was first elected as IAEA external auditor at the 59th General Assembly of IAEA in Vienna, Austria on September 17, 2015, for the Fiscal Year of 2016-2017. Further, in the 61st IAEA General Assembly on September 21, 2017, BPK was re-elected as external auditor for the Fiscal Year of 2018-2019. As for the 63rd General Assembly on September 19, 2019, for the third time, BPK was trusted by

IAEA to audit the financial report for the fiscal years of 2020 - 2021.

According to Agus, IAEA's trust is the result of BPK's hard work in carrying out its mandate as an external auditor. "We work with dedication and show our capabilities as an international auditing institution. SAI is usually given the opportunity as an external auditor only for two periods (four years), but we can go over to six years. This is extraordinary," said Agus.

Agus said that BPK gave IAEA something more than the previous external auditors. When conducting the audit, said Agus BPK did it by observing everything in detail.

"In Indonesia, we are used to conduct audit with a very detailed compliance pattern. When we bring this custom into international audit, they are very happy. So, what we provide to most of the problems is not only a general overview, but a very high detail investigation that covers all aspects. We also mobilized a greater number of auditors than the previous external auditors from other country."

In addition, said Agus, BPK communicated actively with IAEA during the audit. Further, BPK conveyed its audit findings in a straightforward manner. "If the result is 'A' we say 'A'. If 'B' we say 'B'," he said.

Having received appreciation and getting more recognition internationally, Agus stated that BPK should not be complacent. Auditors





**IAEA even re-appointed BPK as their external auditor in the second period by the end of the first period. They did not re-tender, but appointed us right away.**

must continue to improve their competence, capability, and communication skills.

These improvements need to be continued because when conducting audits at international organizations, BPK and auditees are equal. This is different if BPK conducts audit in Indonesian Government entities as BPK's authority has been regulated in the 1945 Constitution.

"In international organizations, our hook is not the 1945 Constitution. Our position is really judged in terms of competence, capability, communication skills, and the contracts formed," he said.

### **The Public Service Agency (BLU)**

Agus said that BPK is currently forming a public service agency (BLU) which is specifically tasked with handling BPK's activities as an

external auditor in international organizations. Auditors who are elected join BLU will also only be assigned to the external audit team of BPK.

Currently, said Agus, the international audit team is drawn from various work units. According to him, this pattern is not effective. This is because the audit team will only be formed when BPK carry out its duties as an external auditor in an international organization.

Meanwhile, with the existence of BLU, auditors can focus on working as international auditors without being disturbed by the current workload in their respective work units. "Later on, at BLU, there will also be a separate Key Performance Indicator (KPI) assessment for the auditors. Currently, the auditors who are assigned to the external audit team, we take from various work units and it has nothing to do with their KPIs.

According to Agus, the formation of BLU has been agreed at the BPK board meeting. The government regulation regarding non-tax state revenues (PP PNBP) for the BLU has also been completed.

"It is expected that the process of forming BLU will be completed this year and will officially run next year. The most important thing about the existence of this BLU is that our activities as external auditors will become more organized," said Agus. ●





# *How to Submit Articles*

## TO WARTA PEMERIKSA MAGAZINE AND WARTA PEMERIKSA DIGITAL



### WARTA PEMERIKSA MAGAZINE



#### COLUMN RUBRIC

#### REQUIREMENTS

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

### WARTA PEMERIKSA DIGITAL



#### PUBLIC VOICE CHANNEL

#### REQUIREMENTS

- The themes include auditing state finances, state finances, monetary, policy, government administration, social, economic.
- Document format is in Microsoft Document (.doc) with a maximum of 5,000 characters.



The document shall be sent to:

**wartapemeriksa@bpk.go.id**

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



## THREE ENTITIES LEVEL UP

The Maritime Security Agency (Bakamla), which in the previous four years had always received disclaimer, finally achieves unqualified opinion as provided by the Audit Board of the Republic of Indonesia (BPK).

**T**here are three entities audited by BPK Directorate General of Audit I that level up by obtaining unqualified opinion for financial statements Fiscal Year 2020. The three entities are

Bakamla, the General Election Commission (KPU) and the National Cyber and Crypto Agency (BSSN).

BPK Board Member I Hendra Susanto says the three agencies had not yet ever received unqualified opinion until recently. For Fiscal Year 2019, Bakamla received disclaimer while KPU and BSSN received qualified opinions.

"Alhamdulillah, all 20 entities audited by Audit I receive unqualified opinion for the 2020 financial statements," Hendra said when handing over the audit reports to 12 leaders of the line ministries in Jakarta, June 29.

Hendra says the achievement deserves to be proud of and appreciated, emphasizing that the opinion is not a gift from BPK, but the result of the hard work in managing the state finance.

Regarding the three entities that have just achieved unqualified opinion, Hendra says that BPK was in synergy with the Finance and Development Supervisory Agency (BPKP) in providing guidance/consultation/assistance to relevant agencies. "BPK also conducts

additional audits of a special-purposed audit (PDTT) and an interim audit at the respective agencies, of which they have never been carried out during the previous years," he said.

Hendra adds that this effort is a form of BPK's attention to ministries/agencies that they will then be motivated to improve financial management and reporting. "Allhamdulillah, the improvement in financial management and reporting has been factual, so that the opinion for 2020 financial statements of Bakamla, BSSN and KPU increased to unqualified opinion," he said.

On that occasion, Hendra also emphasizes that BPK's duties do not stop after



**BPK also conducts additional audits of a special-purposed audit (PDTT) and an interim audit at the respective agencies, of which they have never been carried out during the previous years.**



delivering the audit report. It will continue until the entities follow up all audit results. Thus, the entities' commitment to realizing accountability is not only measured from the opinion of the financial statements, but also from the commitment to follow up the results of BPK's audit.

To ensure that recommendations are being followed up, Hendra says, BPK will monitor them. "Thus, monitoring of the follow up of audit results becomes an integral part of the audit, which is also BPK's constitutional authority."

He adds that BPK will also increase synergy with the Government Internal Supervisory Apparatus (APIP) as a strategic partner to carry out BPK's constitutional duties in auditing management and accountability of the state finance. APIP at the ministries and institutions are expected to play an optimal role in improving the system resulting in the accountable and transparent management of state finance and assets complying with applicable laws and regulations. "If it is done consistently, recurring problems due to system weaknesses can be minimized," Hendra said.

Head of Bakamla Rear Admiral Aan Kurnia is grateful that Bakamla finally obtains unqualified opinion after four consecutive years of receiving disclaimer. "This is the result of continuous support and coordination with BPK," he said.

He says that Bakamla is committed to continuously improve its performance and

jointly seek the best solution to problems encountered. He emphasizes that Bakamla will make every effort to maintain the opinion.

According to him, there are several things he did to achieve the opinion. The first is to change the mindset of his personnel that it is possible to improve the quality of opinion on financial statements. Another thing is to follow up all BPK's recommendations and seriously correct them.

"We also evaluate the findings and discuss them regularly. Those steps are among the success keys for obtaining unqualified opinion. We, the extended family of Bakamla, express our highest gratitude to all ranks at BPK for the recommendations, directions and discussions, so that Bakamla can improve the opinion of the financial statements," he said. ●





## IPKN CONTINUES TO FIRM UP ITS STEPS

The First Congress of IPKN held on June 22, 2021 established a general program with seven targets.



**T**he State Audit Institute (or IPKN) continues to firm up its steps to become the leading professional organization in creating professional state financial auditors. Since its establishment in February 2020 and the appointment of regional administrators throughout the country, IPKN has established a general program with seven targets.

IPKN Secretary General Gunarwanto stated that these targets were determined at the First Congress of IPKN held on June 22, 2021. "These seven targets will be crystalized by IPKN National Board and regional administrators in 34 provinces into concrete activities," Gunarwanto told *Warta Pemeriksa*, last July.

Gunarwanto, who is also the Head of Certification and Development Center at the BPK Institute, explained that the first target is to strengthen legality and structure of IPKN. For this target, IPKN will make improvements to the Rules and Procedures (or AD/ART), craft the organizational regulations, and refine the structure.

The second target is to establish a code of ethics and code of conduct. Regarding this, the codes were approved by the First Congress and will be disseminated to members. "Code of ethics and code of conduct are norms for IPKN members in how they behave and carry out their activities. These must be obeyed," he said firmly.

He said that some of IPKN's code of ethics are taken from BPK's code of ethics. However, some are general ethics, considering that IPKN members are not limited to BPK auditors and employees.

Gunarwanto added, the third target of IPKN is related to professional development. "It is a character of a professional organization to have professional development primarily at its vision and mission."

Professional development in IPKN will be carried out through a number of activities, including trainings and education, reviewing and developing

IPKN NATIONAL BOARD	
Chair	Prof. Dr. Bahrullah Akbar, CSFA
Vice Chair	Dr. Hery Subowo, CSFA
Secretary General	Gunarwanto, CSFA
General Treasurer	Dr. Firdaus Amyar
Head Committee of Professional Development	Ahmad Adib Susilo, CSFA
Head Committee of Standards and Ethics	Dr. Dwi Setiawan S, CSFA
Head Committee of Cooperation and Education	Rio Tirta, CSFA
Coordinator for IPKN	Emmy Mutiarini, CSFA
Coordinator for IPKN Regional in Western Indonesia	Yuan Candra Djaisin, CSFA
Coordinator for IPKN Regional in Central Indonesia	Ade Iwan Ruswana, CSFA
Coordinator for IPKN Regional in Eastern Indonesia	Paula Henry Simatupang, CSFA

## VISION AND MISSION OF IPKN



nizations. A way to achieve this is by involving external parties in the IPKN organizational structure. Gunarwanto mentioned that one of the missions of IPKN is to establish synergies with various parties in the national and international scope to improve the competence of state finance auditors. Whereas the seventh target is to organize

auditing standards, methodology and best practices, as well as creating synergies with regulators, professional associations, academics, and others.

So far, IPKN has conducted several seminars involving BPK leaders and stakeholders, internal auditors, supervisors at SOEs, and public accountants, Gunarwanto said. The seminar themed "Integrated Auditing for the Public Sector" was held during the inauguration of IPKN regional administrators at the 1st Congress of IPKN.

"The seminar is expected to provide knowledge for IPKN members and stakeholders. Or course, later professional development activities will be more varied. In addition to conducting seminars, there will be trainings for members and general public. They can either be organized by the National or Regional Board," he added.

The fourth target is to develop organizational facilities and infrastructure. In this regard, in the future IPKN is expected to have its own building as its center of activities. Currently, IPKN still occupies BPK Institute's complex in Kalibata, South Jakarta.

The fifth target that is equally important for a professional organization is to ensure the professionalism of state financial auditors. Quality improvement of IPKN members will mainly be carried out with professional certification in the field of state financial audits. "As we know, IPKN has developed certification on state finance auditor or CSFA. This certification is implemented in collaboration with BPK Institute".

The sixth target of IPKN General Program is to collaborate with other professional institutions and orga-

educational activities for the community. Education is important in order for the community to understand laws and regulations related to state finances. "So that the public can participate in creating transparency and accountability in managing state finance," he concluded.

### Home for State Financial Auditors

Gunarwanto emphasized that IPKN is an open organization. Its members are not limited to BPK auditors and employees. However, IPKN membership requires members to work within the field of audit, such as internal auditors at ministries/agencies.

Currently, the IPKN National Board consists of 10 members, chaired by BPK Board Member V Bahrullah Akbar, while there are 735 regional administrators which consist of 437 BPK employees and 262 people from external.

Gunarwanto highlighted that the purpose of establishing IPKN is to gather state financial auditors. "We want to gather state financial auditors in one "home", through which they can jointly collaborate for the betterment of the nation and state, in this case encouraging good and clean state financial management, he told.

According to him, with this unification, IPKN will create a great power to jointly oversee state finances. "Because it is impossible for state finances to be audited, secured, or guarded only by BPK. State assets are too much in value and are scattered everywhere. And it is also impossible for state assets to only supervised by internal auditors at ministries/agencies," he ended. ●

## BPK HOLDS WORK CULTURE IMPROVEMENT WORKSHOP

President Joko Widodo has launched the core values of ASN, namely *Berakhlak*.



■ Bima Haria Wibisana



■ Ignasius Jonan

The Audit Board of the Republic of Indonesia (BPK) encourages the development of a work culture to improve the performance of employees and institutions. Work culture within the work unit (satker) is a part that has an important role in achieving the vision and mission of BPK organization. Organizational culture at the work unit level will correlate to the added value that the satker can provide to BPK.

Inspector General of BPK, I Nyoman Wara said that the implementation of work culture is not only implementing cultural standards that have been established in the work environment. However, how to improve the work culture becomes a necessity, so that it can become a source of energy for the community or organization in this case BPK.

"Work culture must be implemented properly, so that work culture is able to make a positive contribution to the performance of employees and of course institutions," said I Nyoman Wara at the Workshop on Efforts to Improve and Develop Work Culture in BPK Environment, Thursday (29/7).

With a work culture that has been formed and developed within BPK environment, it will form a community of BPK organizational culture as a form of implementation of BPK's vision, mission, and basic values. This is part of the support and capital for the BPK organization to ensure that internal processes at BPK run well. Thus, it can encourage the achievement of strategic goals and realize BPK's vision and mission.



In the work of Civil Servants, consumers or the community are the main priority in service.



■ I Nyoman Wara



■ Edward G Hasiholan Simanjuntak





■ Blucer W. Rajagukguk



■ B. Dwita Pradana



■ Dwiwana Novisanti

This workshop was held virtually and was attended by BPK employees from all working units at BPK. The activity, which was initiated by the Inspector General of BPK, was also attended by Directors and Director Generals in BPK.

The speakers who attended the workshop included the Head of the State Personnel Agency (BKN) Bima Haria Wibisana and the former minister of energy and mineral resources (ESDM) Ignasius Jonan.

Bima said that the development of human resources (HR) is the government's main priority at this time. This is also in line with the commitment to bureaucratic reform which is now a must.

Bima said President Joko Widodo had launched the core values of ASN, namely Ber-akhlak. It is an acronym for berorientasi pelayanan (service-oriented), akuntabel (accountable), kompeten (competent), harmonis (harmonious), loyal, adaptif (adaptive), and kolaboratif (collaborative).

"This applies to all government agencies. So don't make your own anymore," he said.

Further, there is also the employer branding of "Proud to Serve the Nation". These core values, said Bima, are also similar to those promoted by State-Owned Enterprises (BUMN). Thus, he hopes that these core values can be applied to both the central government, local governments, and state-owned enterprises.

"This is what we will use in the future in trying to build an administrative culture," he said.

Meanwhile, former President Director of PT Kereta Api Indonesia (KAI) Ignasius Jonan shared his experience in transforming the state-owned company. He describes eight steps to carry out organizational transformation as stated by John Kotter in the Harvard Business Review. First, he said, as a leader, you must be able to build a sense of urgency. Afterward, the leader asks for support from all stakeholders.

Of course, said Jonan, in the work of Civil Servants, consumers or the community are the main priority in service.

Further, the leader needs to create a vision

and convey that vision to the grassroots. In addition, leaders need to embrace the team to be able to achieve the vision.

Jonan also reminded not to focus on long-term plans. He suggested making changes from small things. "For example, in the last few months we have lowered our electricity bill. We clean the toilets," said Jonan.

Then, leaders can also consolidate improvements and continue to deliver change. Moreover, leaders can also create new approaches.

He gave an example, one of the service changes at KAI is the use of air conditioning in every train. This was opposed because to get subsidies or PSO, the train should not equipped with air conditioners. "I said yes, the rules must be changed," he said.

Jonan also tries to convince regulators that in order to serve the community better, regulations also need to adapt to changes. Moreover, when the change can provide better service.

"If the regulations are outdated, it should be adjusted," he said. ●



■ Peserta workshop.

## PRESIDENT APPRECIATES BPK'S AUDIT INNOVATION

One of the adaptive steps taken by BPK in dealing with the current pandemic is the implementation of remote audits.



The main thing is to save the people. Saving the people is the highest law of the state. BPK's innovation to realize Accountability for All in our country deserves to be appreciated.

President Joko Widodo (Jokowi) appreciates various innovations taken by the Audit Board of the Republic of Indonesia (BPK) in conducting state financial audits during the Covid-19 pandemic. The President also appreciates BPK's efforts in providing information on audit findings for the government to follow up.

This is conveyed by the President in his address at the 2021 People's Consultative Assembly (MPR) Annual Session taking place at the Nusantara building, Senayan, Jakarta, Monday (16/8). The President says, amid the government's need to act quickly to save the people from the impact of the Covid-19 pandemic, BPK's audit has experienced adjustments.

The President emphasizes that the pandemic is not a normal situation. Nor can state finance be audited with the standard for a normal situation. "The main thing is to save the people. Saving the people is the highest law of the state. BPK's innovation to realize Accountability for All in our country deserves to be appreciated," he said. "I appreciate BPK's efforts to provide information on audit findings so that the government can follow up on it, both at the central and regional levels," the President added.

In the state address, the President also emphasizes that accountability and good governance must be upheld. Inter-institutional cooperation, as well as responsive and consolidated leadership, are key in dealing with the pandemic.

"Since the beginning of the pandemic, the legislature and audit institutions have provided support to the government to quickly consolidate fiscal strength," the President said.

According to him, the capacity of state institutions in responding to the pandemic is also getting more consolidated and responsive. "We know that the pandemic must be handled quickly and in a consolidated manner, with reference to data, science and technology."

As already known, BPK, as an audit institution mandated by law, continues to innovate in implementing its audits. It is done as an effort to respond to any changes.

One of the adaptive steps in dealing with the current condition is the implementation of remote audit. It is an audit that is carried out partially or completely outside of the audit site. The audit will still cover all areas, but will use digital technology to support assessment or testing when site visits are not possible.

Massively developed technology and the Covid-19 pandemic have indeed become a whip for BPK to obtain the most appropriate form of audits. These also encourage the audit process to develop and to be more agile and adaptive to the environment through modification of audit procedures, preparation of alternative procedures and optimization of the support of information technology.

In the 2020 financial audit, for instance,



BPK initiates the use of various electronic data originating from ministries/agencies and other related parties on the BPK Big Data Analytics (BIDICS) application as part of e-audit. The outputs of the BIDICS application include the data on budget trends and revenue realization as well as profiles of service/project providers. The data have been used by auditors to understand entities related to the identification of anomalies as part of the analytical procedures, assessments and responses to risks, while optimizing risk-based audits in determining focus and sample of the audit.

The utilization of BIDICS data is very useful, especially in remote audits that have been carried out by BPK due to the Covid-19 pandemic in 2020 and 2021. ●





## BPK CALLS ON THE STAKEHOLDERS TO SYNERGIZE TO PREVENT CORRUPTION

The Chairman of BPK suggests that there should be standards and an inventory of risks in the entity.



■ Agung Firman Sampurna



**In a crisis, parties involved in the financial management are vulnerable to situations that lead to fraud.**

The Audit Board of the Republic of Indonesia (BPK) seeks to increase its role in the eradication of corruption in Indonesia. Synergy with stakeholders continues to be built to jointly eradicate corruption by increasing detection and prevention.

To build the synergy, BPK held an anti-corruption workshop with the theme "Corruption Detection and Prevention" held physically limited and virtually on Tuesday (14/9). The workshop presented four speakers: BPK Vice Chairman Agus Joko Pramono, Head of Finance and Development Supervisory Agency (BPKP) Muhammad Yusuf Ateh, Deputy for Prevention and Monitoring of the Corruption Eradication Commission (KPK) Pahala Nainggolan, and Board Member-Treasurer of Association of Certified Fraud Examiners (ACFE) Indonesia Chapter, Stevanus Alexander BP Sianturi.

Chairman of BPK Agung Firman Sampurna in the workshop stated that the Covid-19 pandemic was a momentum for relevant stakeholders to build synergy to prevent corruption. Moreover, empirical evidence shows that financial management in times of crisis tends to increase the risk of fraud. He said, "In a crisis, parties involved in the financial management are vulnerable to situations that lead to fraud."



■ Muhammad Yusuf Ateh, Agus Joko Pramono, and Pahala Nainggolan

Chairman of BPK said, as explained in the Cassey's Triangle Model, there are three things that can cause fraud. The first is pressure, that is the pressure to commit fraud because of financial problems or the greed of the perpetrators. The second factor is rationalization, that is the attitude of perpetrators who consider fraud or corruption is not a mistake with various justifications.

"The third factor is the opportunity that allows fraud or corruption to occur due to weak internal management or lack of supervision," he said.

In response to the increased risk of fraud in the management of the state finance during the Covid-19 pandemic, BPK decided to conduct a risk-based comprehensive audit of the Covid-19 Handling and National Economic Recovery program. It has been carried out on 241 objects of audits with 111 results of performance audits and 130 audits with a specific purpose (PDTT). The audit was carried out in 27 ministries/agencies, 204 local governments, and 10 state-owned enterprises and other agencies. "The results of the audits of the Covid-19 Handling and National Economic Recovery Committee (PCPEN) revealed 2,170 findings containing 2,843 problems amounting Rp2,94 trillion," said Chairman of BPK.

Chairman of BPK stated that the BPK fully supports the government's efforts to respond to the Covid-19 pandemic situation with extraordinary steps. However, at the same time, BPK also reminds the government that there are risks that need to be identified and mitigated so that the government's steps to overcome the pandemic while restoring the national economy can be im-

plemented in a transparent, accountable, economical, efficient and effective manner.

"In this regard, BPK considers it necessary to take advantage of the momentum for the handling the Covid-19 pandemic by building collaboration with the Government Internal Supervisory Apparatus (APIP) represented by BPKP, APH represented by KPK, and professional associations represented by ACFE," he said.

Meanwhile, in the discussion session, Chairman of BPK suggested that there should be standards and inventory of risks in the entity. According to him, the standards could be made by the Finance and Development Supervisory Agency (BPKP) as the government's internal auditor. "However, the standards of risks should receive some consideration from BPK and KPK. From the collaboration can start," he said.

After the entity has developed a risk profile and standards are established, the next step is to provide training for the entity's human resources. "So, people are gradually trained at the level of governance because sometimes the problem occurs because people don't know how to solve the problem," he said.

This workshop is the first part of a series of BPK's workshops on strategies for dealing with corruption. It emphasizes detection and prevention. In the upcoming second workshop, BPK will review the measurement of success in corruption handling programs. The third workshop is planned to discuss issues related to strategy innovations in dealing with corruption involving multi actors and multi sectors. ●

## BPK IS READY TO EXPLAIN THE ROLE OF MTP IN THE SETTLEMENT OF STATE/REGIONAL LOSSES

In every treasury claim, BPK is open for objections.

**T**he Audit Board of the Republic of Indonesia (BPK) is ready to explain the role of the Treasury Claims Council (MTP) in the process of the settlement of the state/regional loss. It is part of the appeal process related to the lawsuit received by BPK on a treasury claim case.

"So, in PTUN (State Administrative Court) there are differences of opinion and now we will raise it to PTUN (State Administrative High Court) and hopefully later it will be legally upheld and we win at the cassation," Director General of Legal Affairs Blucer Rajagukguk told *Warta Pemeriksa*, Monday (13/9).

Blucer explains that the MTP is a quasi-judicial assembly. BPK is mandated by Law Number 17 Year 2003 concerning State Finance and Law Number 1 Year 2004 concerning State Treasury, giving it the authority to act like a court.

"So the Council places a lawsuit against treasurers, what being put on trial by the Council is the treasurer. The case processed can be based on BPK's audits or findings of APIP (Government Internal Supervisory Apparatus)," Blucer said.

He further says that in every treasury claim, BPK is open for objections. Upholding the justice, the filing of objections has been included in the MTP business process. The objecting party must present supporting evidences so that the Council can determine whether or not the objection is admissible. The case is then discussed by the MTP with the new assembly members to provide justice to the party filing the objection.

Even so, according to Blucer, BPK is currently facing a quite unique problem because there is a decision issued by the PTUN which grants the lawsuit against the MTP's decision. Blucer says BPK respects the decision and will follow the applicable legal process by raising it to the appeal.

Blucer states that MTP still believes that the case of state losses must be resolved as there has not been any new evidence allowing state losses to be abolished. He gives an example of a case when an employee loses his state-owned official car at home, that employee still has to replace it. "It's not a crime,



■ Blucer Rajagukguk

yet it still has to be replaced, as it belongs to the state, he must recover the state loss," he said.

Blucer emphasizes that in the case of a treasury claim, it does not have to contain mandatory criminal element in it. It is because state/regional losses can occur due to negligence or intentional act.

In addition, Blucer believes that there should be a need of an increased understanding of *ne bis in idem*, the principle stating that there should not be the same case that has been decided to be once again examined and decided for the second time. Moreover, in treasury matters, the state has agreed to position the MTP at BPK.

"I think as the state of law, we must really respect the law. Let's respect the decision and let's follow it with legal processes," Blucer said.

According to Blucer, it is part of the community's legal learning process. It means that all parties are learning to create Indonesia as a democratic legal state.

"On the legal norms, we are confident as we are supported by decisions of many TUN judges. It means that there are many judges' decisions that prioritize the absolute competence or authority of BPK," he said. ●



Keeping up with recent developments, *Warta Pemeriksa* is now fully in digital mode. Readers can enjoy the information we present through Digital *Warta Pemeriksa*. We also continue to offer the experience of reading magazines in e-magazine format, which can be accessed from the official websites of BPK and *Warta Pemeriksa*.

[wartapemeriksa.bpk.go.id](http://wartapemeriksa.bpk.go.id)





**1-2**  
The 75th Anniversary of Bhayangkara attended virtually by Chairman of the Audit Board of the Republic of Indonesia Agung Firman Sampurna, July 1, 2021.



**3**  
Virtual handover of the audit report of Ministry of Foreign Affairs financial statements by BPK Board Member I Hendra Susanto at BPK Head Office, July 8, 2021.

**4**  
BPK Board Member I Hendra Susanto hands the financial audit report to Chairman of the General Elections Commission (KPU) Ilham Saputra at the KPU Office, June 30, 2021.



**5**  
BPK Board Member I Hendra Susanto hands financial audit report to Minister of Transportation Budi Karya Sumadi at the Ministry's Office, June 30, 2021.

**6**  
The handover of the audit report of the Ministry of Defense financial statements by BPK Board Member I Hendra Susanto, conducted virtually at the BPK Head Office, July 8, 2021.





**7**  
The handover of the audit report of the Financial Services Authority (OJK) financial statements by BPK Board Member II Pius Lustrilanang, conducted virtually at the BPK Head Office, July 1, 2021.



**8**  
BPK Board Member II Pius Lustrilanang virtually hands the audit report of Bank Indonesia's Annual Financial Report to Governor Perry Warjiyo, July 2, 2021.



**9**  
BPK Board Member II Pius Lustrilanang symbolically hands the audit report of the State General Treasurer financial statements to Minister of Finance Sri Mulyani Indrawati, July 7, 2021.



**10**  
BPK Board Member II Pius Lustrilanang virtually hands the financial audit report Fiscal Year 2020 to Minister of Cooperatives and SMEs Teten Masduki, July 8, 2021.



**11**  
BPK Board Member V Bahrullah Akbar is present at the BPK Goes to Campus themed Accountability for All - the Role of BPK in Encouraging Transparency and Accountability of State Financial Management, hosted by the Ternate State Islamic Institute (IAIN), North Maluku, June 7, 2021.



**12**  
BPK Board Member III Achsanul Qosasi hands the financial audit report to Head of the National Disaster Mitigation Agency (BNPB) Ganip Warsito at BPK Head Office, July 2, 2021.

**13**  
BPK Board Member VII Daniel Lumban Tobing hands the financial audit report to Minister of State-Owned Enterprises Erick Thohir at the Ministry's Office, July 28, 2021.





14

**14**

The Annual Session of the MPR RI, the Joint Session of the DPR RI-DPD RI and the Plenary Meeting of the DPR RI on Presentation of the Draft State Budget (RAPBN) FY 2022.



15

dok bpm setpres



16

dok bpm setpres

**15-17**

BPK Chairman Agung Firman Sampurna attending the Flag-Raising Ceremony at the State Palace, 17 August 2021.

**18-19**

BPK Chairman Agung Firman Sampurna attending the Flag-Lowering Ceremony at the State Palace, August 17, 2021.

**20**

BPK Chairman Agung Firman Sampurna attending the 76th Anniversary of the MPR RI at Nusantara IV DPR RI, 18 August 2021.

**21**

Handover of the Audit Report (LHP) of the Ministry of Agriculture by Member IV of BPK, Isma Yatun, at the Ministry of Agriculture, 10 August 2021.



17

dok bpm setpres



18

dok bpm setpres



19

dok bpm setpres





20



23



24

22

Handover of the Audit Report (LHP) of the Ministry of Energy and Mineral Resources by Member IV of BPK, Isma Yatun, virtually, 6 August 2021.

23-24

Chairman of BPK Agung Firman Sampurna and Bahrullah Akbar, Member V of BPK, as speakers at the International Seminar on The Importance of Fiscal Decentralization Evaluation to Promote Regional Development, 19 August 2021.

25

Handover of the Audit Report (LHP) of Financial Statements at the Ministry of Marine Affairs & Fisheries for FY 2020, Member IV of BPK, Isma Yatun, virtually, 13 August 2021.



21



22



25



26



27

26

Handover of the Audit Report (LHP) of Financial Statements to the Coordinating Ministry for Maritime Affairs and Investment for FY 2020 by Director General of Audit IV held virtually.

27

Signing of Cooperation Agreement between BPK and Universitas Indonesia on Institutional Capacity Building on Big Data Analytics, 12 August 2021.

28

Handover of Assistance for Student Education for 2021-2022 Academic Year from IKISTRA-DWP of the Secretariat General of BPK RI by BPK Chairman Agung Firman Sampurna, 5 August 2021.



28





**29-30**

The Orientation Week of Ambassador Candidates attended by Chairman of BPK Agung Firman Sampurna and BPK Board Member I Hendra Susanto, 9 September 2021.

**31**

BPK Boar Member I Hendra Susanto attending the Audit Entry Meeting at the Headquarters of Army Strategic Reserves Command, Jakarta, 9 September 2021.

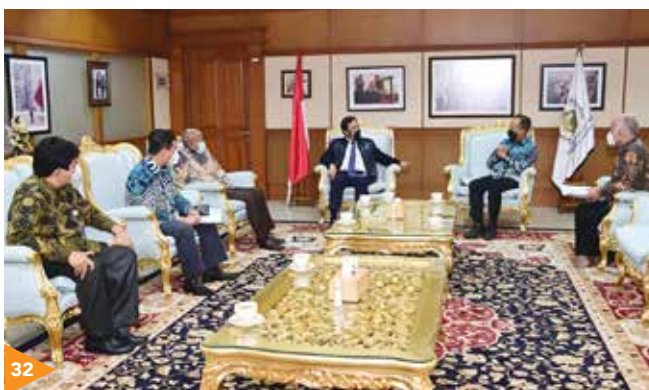


**32**

BPK Chairman Agung Firman Sampurna and BPK Board Member II Pius Lustrilang attending a coordination meeting to raise support for BPK's candidacy as UNIDO External Auditor with the Ministry of Industry, 16 September 2021.

**33**

BPK Board Member III Achsanul Qosasi leading the Preliminary Briefing of Audit with a Specific Purpose (PDTT) of the Ministry of Manpower, 9 September 2021.







### 34-35

BPK Board member IV, Isma Yatun accompanied by Minister of Public Works and Public Housing Basuki Hadimuljono on a visit to the Center for Settlement and Housing Techniques (BTTP), Bandung, 3 September 2021.

### 36-37

Handover of the position in Kalan West Papua attended by BPK Vice Chairman Agus Joko Pramono and BPK Board Member V, Bahrullah Akbar in Sorong, 7 September 2021.

### 38-39

Inauguration of BPK Echelon II by Secretary General of BPK Bahtiar Arif at the Auditorium of the BPK Head Office, Jakarta, 14 September 2021.



**AUDIT BOARD  
OF THE REPUBLIC OF INDONESIA**

is granted with

**the 2021 BKN  
(National Civil Service Agency) Award**

for Category  
A-Type State Institutions/  
Non-Ministerial  
Government Institutions







**BADAN PEMERIKSA KEUANGAN  
REPUBLIK INDONESIA**

p-ISSN 2460-3937  
e-ISSN 2549-452X

**JAN - JUN EDITION**  
*deadline* MARCH 31

**JUL - DEC EDITION**  
*deadline* SEPTEMBER 30

Auditors, researchers, academics,  
governance and accountability  
of state finances experts  
are *invited*  
to contribute  
their papers to

**Jurnal**  
**Tata Kelola dan Akuntabilitas  
Keuangan Negara**

**SINTA-2**

**ACCREDITED BY KEMENRISTEK/BRIN  
NO. 200/M/KPT/2020**

Articles should NEVER be  
published before and shall be  
written in ENGLISH.

Articles are submitted to  
**jurnal.bpk.go.id** and follow  
the applied provisions.

# Call for Papers

Indexed by:



**IMPORTANT  
ANNOUNCEMENT**

**Published article  
will be rewarded  
Rp200.000/page**

**Jurnal Tata Kelola dan Akuntabilitas  
Keuangan Negara**

Direktorat Litbang BPK RI  
telp: 021-25549000, ext. 3311/3296  
Hp: 0821 1192 9912  
website: [jurnal.bpk.go.id](http://jurnal.bpk.go.id)  
e-mail: [jurnal@bpk.go.id](mailto:jurnal@bpk.go.id)

**Focuses on issues:**

Public sector accounting; Auditing;  
Management and governance of state fi-  
nances; Accountability of state finances;  
Public administration/policy related to  
state finances; State finance law.



jurnal



@jurnal.bpk



[jurnal@bpk.go.id](mailto:jurnal@bpk.go.id)



[jurnal.bpk.go.id](http://jurnal.bpk.go.id)