

President Compliments
BPK's Nimbleness

Page 30

BPK Vice Chairman Shared
Experience on SDGs Audit

Page 49

BPK Strengthens Partnerships
with Law Enforcement Agencies

Page 56



Be Cautious of the Long-Term Fiscal Risks

The Extraordinary
Audit
for Extraordinary
Disaster



Covid-19 pandemic is still haunting the lives of people around the world. As Indonesia continues to deal with the pandemic and minimize all impacts it brings, the Audit Board of the Republic of Indonesia (BPK) joins in on the effort of the Indonesian Government in the fight against Covid-19.

As per its mandate and authority, BPK participates in the effort by conducting a universe audit, an audit on the entire activities of the Government in dealing with Covid-19 and its impacts. Unlike the usual audit done after a program ended, a universe audit commences at the outset of the program.

In this second English edition of *Warta Pemeriksa*, we still provide you with information on BPK's role in the fight against Covid-19. Highlights of BPK's activities in the universe audit within Juli-September 2020 period are summarized.

One important issue receiving great attention during this specific period is the discussion on the 2021 State Budget Bill. It is ascertained that Covid-19 is still the focus of the Government in preparing the State Budget.

Nonetheless, the Government also ensures that other sectors, especially economic sector, can grow along with efforts to ensure public health. To further provide you with an in-depth insight, we spoke with the Minister of Finance Sri Mulyani Indrawati.



The interview is interesting to observe, particularly on how the Government regulates the budget appropriately to overcome problems in the health, economy and other social life sectors. This is done as Indonesia experiences economic decline and faces the danger of plunging into deep recession.

In addition to our main theme on Covid-19, also check out BPK's participation in various international activities. This proves that amidst the pandemic and various limitations, BPK still actively carries out its role alongside other Supreme Audit Institutions.

Happy reading and stay healthy. ●

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CENTRAL GOVERNMENT FISCAL TRANSPARENCY

- 4** Compared to the transparency level in 2018, three criteria in 2019 experienced an increase, while one criterion namely fiscal policy showed a decrease.
- 8** MOST REGIONS HAVE NOT YET FISCALLY INDEPENDENT
- 10** IDR 15 TRILLION OF TAX RECEIVABLE NOT YET BILLED
- 12** BPK REVEALS INDICATIONS OF IDR 8.7 TRILLION IN LOSSES FROM INVESTIGATIVE AUDIT
- 15** CHALLENGES IN PERFORMING INVESTIGATIVE AUDIT
- 18** THE AUDIT DIRECTORATE GENERAL VI PERFORMS AUDIT ON THE HANDLING OF HEALTH IMPACT OF COVID-19 PANDEMIC
- 20** COVID-19 AUDIT AN EARLY START TO SAFEGUARD
- 22** AUDITING THE PANDEMIC MANAGEMENT IN REGIONS
- 24** THE HOPE FOR ECONOMIC GROWTH RECOVERY
- 26** CONTINUOUS PROGRAM FOR RECOVERY
- 28** LFAR STRENGTHENS THE ADDED VALUE OF LOCAL GOVERNMENT'S AUDIT REPORTS
- 30** PRESIDENT COMPLIMENTS BPK'S NIMBLENESS
- 32** THE EXTRAORDINARY AUDIT FOR EXTRAORDINARY DISASTER
- 34** SAFEGUARDING SOES IN HANDLING PANDEMIC
- 36** AUDITING DJP'S CONSISTENCY WITH TAXPAYERS
- 38** AUDITING COVID-19 VACCINE PROCUREMENT
- 40** BPK WILL CONTRIBUTE TO THE ASOSAI SDGS WORKING GROUP
- 42** CHAIRMAN OF THE BPK HIGHLIGHTS THE FINANCIAL CRIMES
- 43** BPK PROPOSES TOPIC OF FINTECH FOR AUDITING IN INTERNATIONAL FORUM

BE CAUTIOUS OF THE LONG-TERM FISCAL RISKS

- 6** Sustainability is considered maintainable when the primary balance is kept positive, which means that debt interest is paid with state revenues, not with new debt.
- 45** BPK AND UN DISCUSS THE DEVELOPMENT OF SDGS ACHIEVEMENT AND COVID-19 HANDLING
- 46** BPK PROPOSES TO PERFORM PARALLEL AUDIT IN THE WGEI STEERING COMMITTEE MEETING
- 47** IN LINE WITH ISSAI 12, BPK DEVELOPING LONG FORM AUDIT REPORT (LFAR)
- 49** BPK VICE CHAIRMAN SHARED EXPERIENCE ON SDGS AUDIT
- 50** BPK ELECTED AS CHAIR OF THE ASEANSAI TASK FORCE ON LEGAL CAPACITY
- 51** BPK SHARES ITS EXPERIENCE IN MANAGING WGEA
- 53** BPK AND ANAO DISCUSS THE IMPACT OF COVID-19 TO STATE FINANCIAL AUDIT DONE BY PUBLIC ACCOUNTING FIRMS
- 55** BPK ENCOURAGES MINISTRIES/AGENCIES AND LOCAL GOVERNMENTS TO PUBLISH FINANCIAL STATEMENTS
- 56** BPK STRENGTHENS PARTNERSHIPS WITH LAW ENFORCEMENT AGENCIES
- 58** BAHRULLAH AKBAR OFFICIALLY OPENS THE ORIENTATION EVENT OF INDONESIAN RED CROSS
- 59** BUDGET ABSORPTION CHALLENGE
- 60** PREVENTING FREE RIDER PROBLEM IN HANDLING PANDEMIC
- 62** MINISTER OF FINANCE ENCOURAGES THE MINISTRIES/ INSTITUTIONS TO FOLLOW UP BPK'S AUDIT RECOMMENDATION
- 64** PICTURES

Central Government Fiscal Transparency

Compared to the transparency level in 2018, three criteria in 2019 experienced an increase, while one criterion namely fiscal policy showed a decrease.



The Audit Board of the Republic of Indonesia conducted a review on the implementation of fiscal transparency, government's long-term fiscal sustainability, and local governments' fiscal independence for 2018 and 2019. BPK submitted the result of this review to the President, House of Representatives (DPR), and House of Regional Representatives (DPD), alongside the audit result for the Financial Report of Central Government (LKPP).

BPK Chairman Agung Firman Sampurna pointed that the review is BPK's effort as an audit institution to provide benefits in accordance with the International Standard of Supreme Audit Institutions (ISSAI) 12 The Value and Benefits of Supreme Audit Institutions – making a difference to the lives of citizens, which states that audit institutions have a role to strengthen

accountability, transparency, and integrity of governments and public sector entities.

The purpose of reviewing the implementation of fiscal transparency is to provide general conclusion on government's fulfillment of fiscal transparency elements based on best practices as published by the 2014 IMF's Fiscal Transparency Code (FTC). Additionally, BPK refers to IMF Fiscal Transparency Handbook 2018 and IMF's review results of fiscal transparency in other countries, as well as internationally applied best practices.

In accordance with the 2014 FTC, the review on fiscal transparency implementation FY 2019 consists of three main pillars: fiscal reporting, fiscal forecasts and budgeting, and fiscal analysis and risk management. Agung conveyed, the results of the review shows that government has fulfilled most criteria of fiscal transparency pillars: 18 criteria or 50% reached

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The purpose of reviewing the implementation of fiscal transparency is to provide general conclusion on government's fulfillment of fiscal transparency elements based on best practices as published by the 2014 IMF's Fiscal Transparency Code (FTC).

the Advanced level; 14 criteria or 39% were assessed as Good; and 4 criteria or 11% were categorized as Basic. "We did not find any criterion that was considered Not Met," stated Agung when delivering the Audit Results of the 2019 LKPP to President Joko Widodo at the State Palace, Jakarta, last July.

Overall, compared to 2018, three criteria in 2019 experienced an increase in the transparency level, namely scope of tax expenditures, history of revisions, and analysis of long-term fiscal sustainability. Meanwhile, only one criterion showed a decrease, which was the objective of fiscal policy. Other criteria showed no significant changes, thus did not affect the assessment on 2019 fiscal transparency.

In fulfilling the fiscal reporting pillar, there were 7 criteria at the Advanced level, namely ownership coverage, current coverage, frequency of reporting in the year concerned, timeliness of annual financial reports, internal consistency, revisions history, and external audits.

Whereas transparency criteria being at Good level were institutional coverage, tax expenditure coverage, information classification, statistical integrity, and comparable fiscal data.

Conditions that placed government's fiscal reporting at Advance level were the preparation of fiscal reports such as Financial Report of the Central Government (LKPP), Financial Report of Local Government (LKPD), Government Consolidated Financial Report (LKPK), consolidated Financial Report of State-Owned

Enterprises, and Government Financial Statistics Report (LSKP) presenting and disclosing financial and non-financial assets, as well as liabilities.

Government also regularly published a monthly realization report or i-account at www.djpbk.kemenkeu.go.id. LKPP has also been published within 6 months after the end of reporting period. Fiscal reports contain information of finance realization which can be reconciled with fiscal balance, debt securities, and debt balances.

In fulfilling pillars of fiscal estimates and budgeting, there were 5 criteria receiving Advanced level: budget unity, macroeconomics forecasts, medium-term budget framework, fiscal legislation, and timeliness of budget documents. Transparency criteria being at Good level were 5 criteria: investment projects, performance information, public participation, independent evaluation, and reconciliation of estimates. While transparency at Basic level were 2 criteria: fiscal policy objectives and additional budget.

In terms of fiscal policy objectives, transparency criteria were placed at basic level due to the imprecision of aggregate calculation for expenditure and state revenue. Whereas in the additional budget criteria, there was no clearly defined limit related to the parameters for the allocation of subsidy spending in the 2019 State Budget Law Article 16 paragraph (3) and additional expenditure for which the budget is not readily available or the expenditure exceeds the ceiling in the 2019 State Budget Law Article 27.

Regarding pillar on analysis and risk management, six governments fiscal transparency criteria were at the advanced level, namely macroeconomic risks, contingency budget, guarantees, public-private cooperation, financial sector exposure, and environmental risks. Another 4 criteria were at Good level, which were certain fiscal risks, asset and liability management, local government, and public companies. The remaining 2 criteria were at Basic level: natural resources, and analysis of long-term fiscal sustainability. Conditions placing government's fiscal transparency at the Advanced level in analysis and risk management were the facts that government conducted sensitivity analysis of a possible deficit increase, and prepared alternative scenarios and probability estimates of each alternative scenario.

Meanwhile, the Basic level is obtained because the government just began disclosing the volume, value of lifting, and recovery cost of oil and natural gas. Also, the government is still doing a preliminary analysis to assess the potential of key natural resources other than oil and natural gas. Lastly, the government just published for the first time a Long-Term Fiscal Sustainability Report. ●

Be Cautious of the Long-Term Fiscal Risks

Sustainability is considered maintainable when the primary balance is kept positive, which means that debt interest is paid with state revenues, not with new debt.

The Audit Board of the Republic of Indonesia (BPK) reminds the government to pay attention to fiscal risks in the long term. This due to several indicators of debt vulnerability have exceeded the best practice limits recommended by international institutions.

This is one of the points from the Review Result Report on Fiscal Sustainability conducted by the Audit Board of the Republic of Indonesia (BPK). Fiscal sustainability was also one of the topics conveyed by the Chairman of BPK, Agung Firman Sampurna, during the handover of the Central Government Financial Report (LKPP) to President Joko Widodo (Jokowi) at the State Palace, Jakarta, last July.

Agung, before the President and the Ministers, conveyed that the results of the review on fiscal sustainability show that the government has compiled a long-term fiscal sustainability analysis that considers fiscal policy scenarios to be taken and indicators to be monitored. However, this analysis still needs to be supported by regulations to ensure its sustainability and consistency, also refined based on the recommendation of the International Public Sector Accounting Standard Board (IPSASB) in the Recommended Practice Guide (RPG).

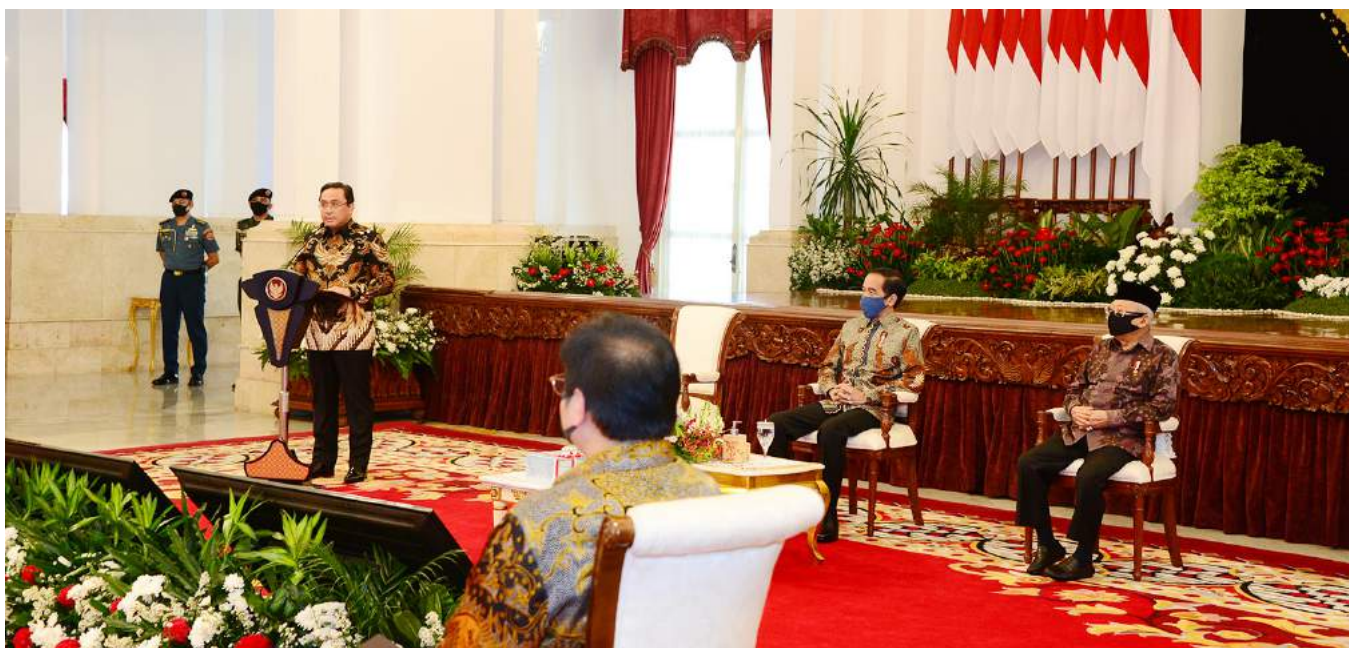
Furthermore, Agung conveyed, the government needs to pay attention to fiscal risks in the long-run due to the inadequate ratio of debt to gross domestic product (GDP), deficit to GDP ratio, and positive pri-

mary balance as stipulated in the 2015-2019 National Medium Term Development Plan (RPJMN).“ Several indicators of debt vulnerability, including the ratio of debt service to revenue, ratio of interest payments to income, and ratio of debt to income as part of fiscal management have also exceeded the best practice limits recommended by international institutions,” said Agung.

Based on Law Number 17 of 2003 on State Finance, the government has two limitations related to fiscal management. The budget deficit is limited to a maximum of 3 percent of GDP and total debt is limited to a maximum of 60 percent of GDP.

Development financing policies are implemented in line with fiscal policies in the macroeconomic framework of the 2015-2019 RPJMN, namely maintaining fiscal sustainability through controlling the budget deficit, reducing the debt-to-GDP ratio and increasing the quality of spending by increasing the effectiveness and efficiency of domestic financing. In accordance with the RPJMN, the determination of sustainability outcomes is determined in three ways. First, keep the government debt ratio below 30 percent and continue to decline, which is estimated to be 20 percent in 2019. Second, strive for the primary balance to continue to decline and become positive in 2019. Third, keep the budget deficit below 3 percent and in 2019, it will become 1 percent of GDP.

The three RPJMN targets were not achieved. The 2019 debt ratio is in the range of 30 percent, the pri-



mary balance remains negative, and the 2019 budget deficit will not be 1 percent, but 2.20 percent of GDP.

Even though the RPJMN target was not achieved, the government has succeeded in keeping the State Budget deficit to GDP below 3 percent throughout 2015-2018 and the government debt stock to GDP below 30 percent. Thus, the deficit to GDP ratio in 2019 was 2.20 percent and the debt-to-GDP ratio in 2019 was 30.23 percent, still below the maximum limit as stipulated in Law Number 17 of 2003 on State Finances. In the long term, the primary balance is expected to be positive as targeted in the 2014-2019 RPJMN. The primary balance is the difference between income and expenditure other than debt interest. The condition of sustainability is considered maintainable if the primary balance is kept positive, which means that debt interest is paid with state revenues, not new debt.

The 2015 primary balance reached negative IDR142.49 trillion, and it continues to decline to negative IDR73.13 trillion in 2019. The 2019 Financial Note suggests the government's fiscal policy strives to control the deficit and the primary balance to be positive, however the 2019 achievements show contrary wise. The 2019 primary balance was negative 0.46 percent of GDP or minus IDR 73.13 trillion or further away from positive from the previous negative 0.08 percent of GDP or minus IDR 11.49 trillion.

Thus, the target ratio of debt to GDP, deficit to GDP and primary balance during 2015-2019 did not reach the targets set in the 2014-2019 RPJMN, thus creating long-term fiscal risks. This is because

the projections and targets set out in the RPJMN are commitments that need to be achieved by the government to ensure the sustainability of state financial management in the future.

Moreover, several indicators of the vulnerability of government debt management exceed the recommendation of ISSAI 5411. The debt service ratio (ratio of interest spending and payment of principal debt installments to revenue) has increased throughout 2013-2018.

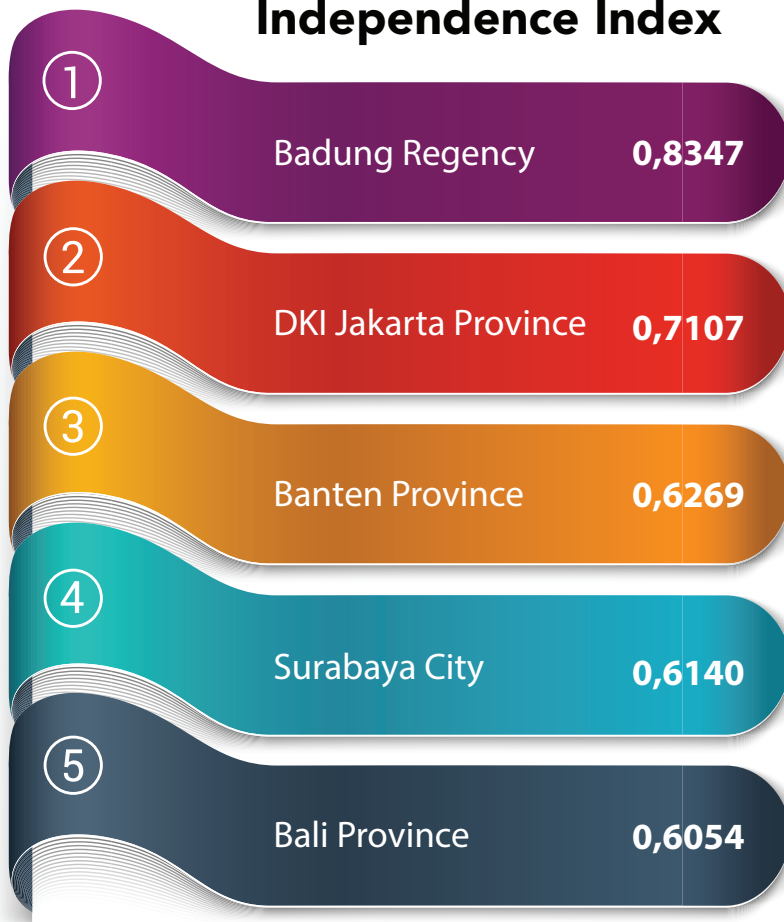
The debt service to income ratio has exceeded the recommended limit of the International Monetary Fund (IMF) of 35 percent in 2018, although when compared with the upper limit of International Debt Relief (IDR), this ratio has not exceeded the limit. This indicates that the increase in state revenue is not as big as the increase in the payment of principal and interest installments each year. The interest-to-income ratio also experienced an increasing trend. In fact, since 2013, the interest-to-income ratio has reached 7.86 percent or has exceeded the recommended upper limit of IDR, which is 6.8 percent.

The upper limit recommended by the IMF, which is 10 percent, was exceeded in 2015 because the ratio in that year had reached 10.35 percent. The increase in this ratio shows that an increase in interest spending was not accompanied by an increase in state revenue.

There is also an increasing trend in the ratio of debt balances to revenues during 2013-2018. The ratio is above the IMF recommendation limit, and has exceeded the upper limit recommended by IDR since 2014. ●

Most Regions have not yet Fiscally Independent

RANK IN THE TOP FIVE Regional Fiscal Independence Index



The BPK report also shows a very high gap in fiscal independence between regions.

Regional autonomy has been running for more than 20 years. The Audit Board of the Republic of Indonesia (BPK) as the state audit institution is now making fiscal independence as part of the adequacy of disclosure of information in the Central Government Financial Report (LKPP). The goal is making this issue as one concern for the government and stakeholders in analyzing the relationship between regions' fiscal independence and the function of regional autonomy and public services in the regions.

Therefore, BPK took the initiative to calculate the Fiscal Independence Index (IKF) for the Fiscal Years of 2018 and 2019 as part of the fiscal independence review. The IKF value ranges from 0-1. The IKF value of 0 means that all expenditures are financed by transfer funds and local revenue (PAD) does not play any role. Meanwhile, the IKF 1 value means that all expenditure can be financed with PAD and there is no transfer fund.

The lower the IKF value, the less autonomous the local government has become. On the contrary, the higher the IKF value, the higher the fiscal independence of a region. Fiscal independence is grouped into these following categories, "Not Yet Independent," "Towards Independence," "Independent," and "Very Independent." Chairman of BPK, Agung Firman Sampurna said the results of the review on regional fiscal independence showed that most local governments were not yet independent. This was conveyed by Agung during the hand-over of the 2019 LKPP Report to the Indonesian Parliament, in mid-July.

"Of the 542 local governments, at the national level, only one has managed to reach the "Very Independent" level, namely Badung district in Bali Province with the IKF reaching 0.8347, which means 83.47 percent of regional spending is funded by the income generated by itself (PAD)," said Agung.

The IKF of Badung City is higher than the DKI Jakarta Province, which has the largest fiscal capacity among all regions in Indonesia. IKF DKI Jakarta was recorded at 0.7107.

Based on the Review Report on the Fiscal Independence of Local Governments for the Fiscal Years of 2018 and 2019, there were 10 out of 34 provincial governments that were not yet independent in 2018 and decreased to 8 provincial governments in 2019. The number of district/city governments that were not yet independent was 471 of the 508 districts/cities in 2018. This number decreased to 458 from 497 districts/cities in 2019.

What needs to be observed from the regions that are not yet independent is that there are at least 102 out of 458 regions with IKF values below 0.05. This shows that these regions are highly dependent on transfer funds, because PAD is only sufficient to finance 5 percent of region's expenditure.

For the number of regions that are categorized in the "towards independence" in 2018, there are 16 provinces and increased to 18 provinces in 2019. The number of districts/cities classified towards independence in 2018 is 34 and increased to 36 regions in 2019. Meanwhile, the regions that have been independent in the fiscal years of 2018 and 2019 the number is the same, namely there are 8 provincial governments and 2 city governments.

The BPK report also shows a huge gap in fiscal independence between regions. The fiscal independence index figure for FY 2019 shows a very striking difference in the index between DKI Jakarta Province as the province with the highest index of 0.7107 and West Papua Province as the province with the lowest index of 0.0427. This means that the region's expenditure of DKI Jakarta Province amounting to 71.07 percent can be financed by PAD, while the expenditure for West Papua Province is only 4.27 percent, which can be financed by PAD. Fiscal independence gaps also occur at the district/city level in Indonesia. From the data, it is known that Badung Regency in Bali with an index value of 0.8347 can finance 83.47 percent of region's expenditure from PAD.

Meanwhile, Deiyai Regency in Papua has an index value of 0.0031. As a comparison, the average figure for the provincial IKF for FY 2019 is 0.36 and the average district/city IKF figure is 0.11.

Determination of the DPD

Chairman of the DPD RI, La Nyalla Mahmud Mattalitti, stated that the DPD will strive to encourage regional fiscal independence. Moreover, said La Nyalla, there are only 1 out of 542 regional governments in Indonesia that fall into the very independent category, namely Badung Regency, in Bali. Most of them are still not independent and are in the towards independence category. La Nyalla said, the DPD always tries to help the regions increase their fiscal capacity.

For example, through the drafting of the Law of Land and Building Tax (PBB), Law of Region's Investment and Capital Investment, and Law of Village-owned Enterprises. "Moreover, this includes laws that have been included in the National Legislation Program (Prolegnas) list, namely the Law on Financial Relations between the Central and Local Government (HKPD)," said La Nyalla. He added, another effort that was also made by the DPD in increasing the fiscal independence of local governments was improving synergy and cooperation between local governments and entrepreneurs, academics, communities, societies, and media participation. "One of the goals is to optimize regional assets to be more valuable for improving the welfare of the society and the region," he said. ●



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IDR 15 Trillion of Tax Receivable Not Yet Billed

BPK encourages DJP to create a reliable information system in updating data in tax receivables.

The Audit Board of the Republic of Indonesia (BPK) in its Audit Report of the 2019 Central Government Financial Report (LKPP) urges the Directorate General of Taxes (DJP), Ministry of Finance to be more diligent/orderly and continue updating data on tax receivables. BPK still often finds that DJP does not include its latest data on tax receivables.

BPK Director General of Audit II Laode Nusriadi explained that the source documents used by DJP as the basis of recording and collecting tax receivables are Notice of Tax Collection (STP) and Notice of Tax Assessment (SKP). STP indicates the amount of tax shortages that taxpayers still have to pay based on the results of DJP's analysis of the Annual Tax Return (SPT) from taxpayers and other data obtained from Institutions, Agencies, Associations, and other sources (ILAP).

SKP contains the amount of tax underpayment that needs to be paid by taxpayers based on DJP's assessment results and confirmation on tax invoice and/or taxpayers' withholding tax slips.

Laode added, the issue of tax receivables is a recurring finding in the audit of LKPP, in which the follow-ups have not been completed.

"In 2017, BPK had already urged the Ministry of Finance to update their information system on recording and reporting tax receivables," he mentioned.

In the audit of 2019 LKPP, tax receivable is one of the findings regarding non-compliance to statutory provisions. BPK audit result shows that DJP has not issued Notice of Tax Collection (STP) for the underpayment of tax principal amounting to IDR12.64 trillion and for the late tax payment with penalties of IDR2.69 trillion. Thus, as of 31 December 2019, the revenue shortage still to be collected from taxpayers amounting to IDR15.33 trillion.

Another problem found is related to internal control weaknesses: SKPs were still manually issued without being inputted or were inputted too late into DJP's information system. "On these manual SKPs, DJP has followed up by inputting them into the information system while audit was still in progress. Meanwhile, the problem of STPs not yet issued totaling IDR 15.33 trillion is not completed yet," Laode explained.

He added that DJP needs to be more diligent in issuing STP and SKP as basis of recording and collecting tax receivables and in inputting them to the information system. There are some Tax Service Office (KPP) that were late in issuing STPs or SKPs, and those documents manually issued were late in being inputted into the information system.

DJP also needs to immediately update tax refund data. Based on the law, taxpayers can file an objection against the tax debt they are billed for. The tax refund data can be used as compensation for the settlement of tax debt.

"We encourage DJP to integrate this into the system, so tax receivables can be updated continuously. Don't let there be any STPs nor SKPs not yet published, or have been issued but not reported as receivables. These are risky as they are not presented as receivables, and recorded elsewhere. We ask that it be updated," he stressed.

Audit III of BPK, Laode continued, also recorded reports related to confiscated and collateral goods that were not presented adequately in the financial statement, even when these goods were calculated as deduction of tax receivables.

"The things we convey should be updated periodically and diligently entered into the system immediately. Considering that tax service offices are spread throughout Indonesia, if they do not input these information right away, in the end they will be overwhelmed," he reminded.

In this regard, BPK encourages DJP to create a reliable information system in updating data in tax receivables. So that data presented in the financial statements are valid and reliable, including that of legal decisions and confiscated items.

"We also encourage DJP to share data with the Supreme Court regarding decisions or taxpayers' legal actions, whether or not verdicts have been made and what the verdicts are," he said.

He also advised that this tax receivable issue be settled, since tax receivables have time period. "Should these receivables not properly monitored, collection efforts would be ineffective."

BPK's Recommendations

- a. to update information system to ensure validity of data on Tax Arrears and Allowance for Tax Arrears.
- b. to update information system to ensure Land and Building Tax Receivables are integrated with DJP's information system.
- c. to instruct management and officers at Tax Service Offices and District Offices to be more careful and orderly in inputting source documents for recording receivables into DJP's information system.
- d. to immediately finalize and determine relevant regulations when issuing STP for payments of overdue tax, so that Government could immediately recognize its rights from penalties or interests as of December 31.

To solve the problem of tax receivables, Minister of Finance has submitted an action plan which includes, among others, updating tax receivable information system and implementing Revenue Accounting System (RAS) to establish tax receivable account. Minister of Finance will also review regulations on the issuance of STPs for payments of overdue tax and reformulate manual for the 2020 Key Performance Indicators related to the issuance STPs with due regard to the potential for collecting tax principal and the appropriate administrative fines/sanctions. ●

BPK Reveals Indications of IDR 8.7 Trillion in Losses from Investigative Audit

Within 2005-2019, BPK has delivered 560,521 recommendations to audited entities with values amounting to IDR 255.27 trillion

During 2017-2019 period, the Audit Board of the Republic of Indonesia (BPK) has conducted investigative audits, calculation of state losses, and provided expert statements in court. The results are published in the Audit Reports Summary for Semester II of 2019.

Monitoring is carried out on the use of investigative audit reports in the pre-investigation and investigation process, the use of state loss calculation reports in the preparation of P-21 (a code name for the completion of pre-investigation procedure) and investigation process, as well as expert statements in court provided by BPK for public prosecutors. Within 2017-2019, BPK submitted 22 investigative audit reports indicating values of state/regional losses at IDR 8.7 trillion and 229 reports for calculating state/regional loss worth IDR 11.77 trillion to law enforcement agencies. BPK also took part as expert in 189 trial cases.

From the 22 investigative audit reports, 12 are used for pre-investigation process, while 10 are used in investigation. Further, from the 229

state loss calculation reports, 70 are used for pre-investigation process, and the remaining 159 reports are cases ready for trial court. Lastly, all 189 expert statements are used in public prosecutors' indictments.

Summary of Audit Reports for Semester II of 2019 also contains monitoring results on the implementation of follow-up actions on audit result recommendations (TLRHP) as of December 31, 2019 on Audit Reports published from 2005 to 2019. While the monitoring results for 2005-2009 audits are presented in general, monitoring results for audits published in 2010-2014 and 2015-2019 are presented according to entity categories: ministry/agency, regional government/local-owned enterprise, state-owned enterprise, or other agency.

A recommendation is a suggestion from the auditor based on their audit result aimed at a person and/or organization authorized to take action and/or corrective action. Law No 15/2004 implicitly states that officials are obliged to follow up recommendations made in audit results and provide explanations to BPK on these follow up actions.

Should there be any official found not carrying their duty in following up BPK's recommendation, they are subject to administrative sanctions in accordance with the provisions of laws and regulations on employment and/or criminal sanctions. BPK conducts TL-HRP monitoring to determine that the relevant officials have implemented the audit recommendations within a pre-determined time limit.

The official audited or responsible conveys a confirmation or explanations on recommendation follow-ups to BPK. BPK then reviews the explanations to determine whether the follow-ups have been in accordance with BPK's recommendations.

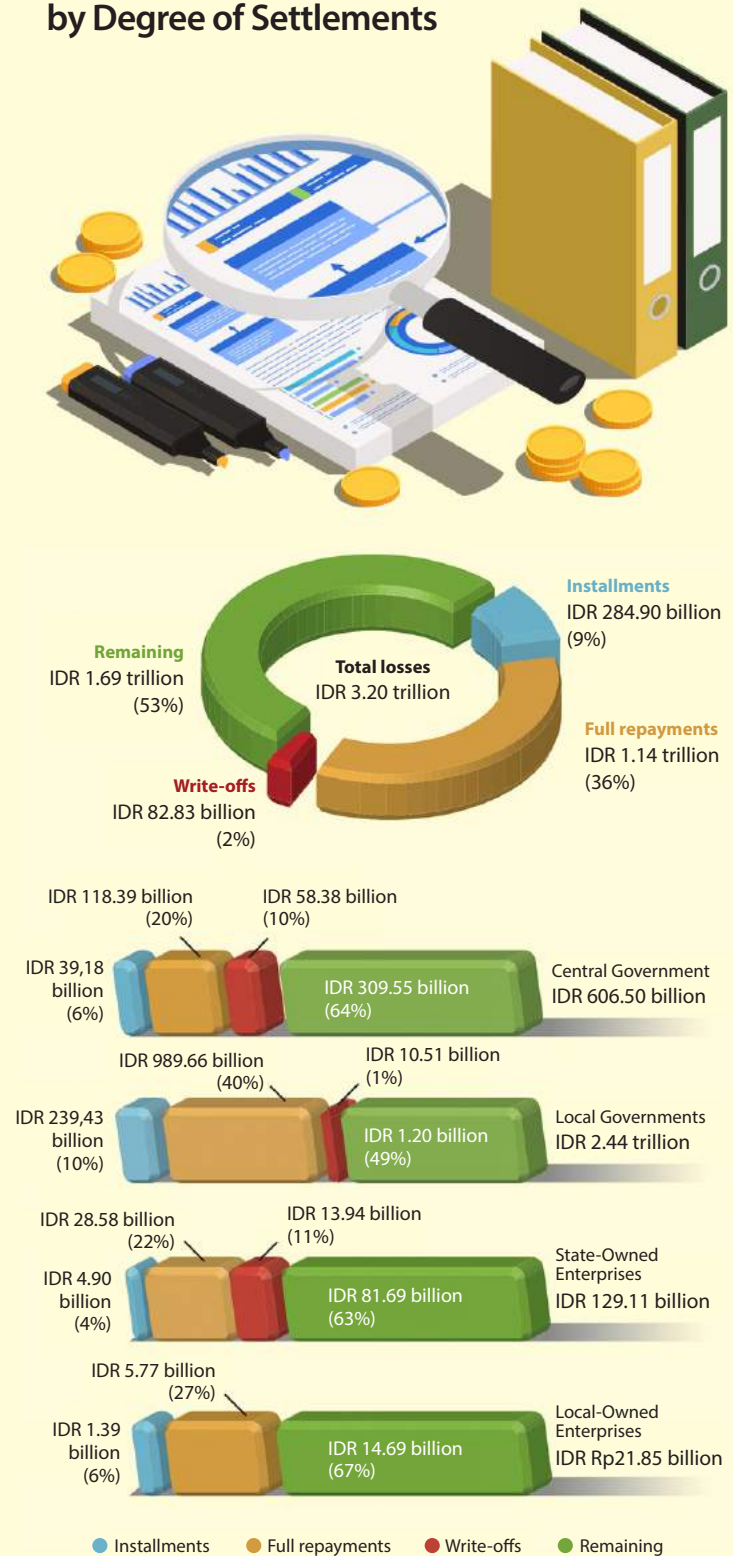
According to BPK Regulation No. 2/2017 on Monitoring the Follow-Up Implementation of BPK's Audit Recommendations, results of follow-up review are classified into 4 status: follow-up is in accordance with the recommendation; follow-up is not in accordance with the recommendation; the recommendation has not been followed up; and the recommendation cannot be followed up.

A recommendation is stated to have been followed up when officials have taken actions accordingly based on the recommendation and action plan completed by supporting evidence. BPK's recommendations are expected to improve financial management and accountability of the audited entity.

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A recommendation is a suggestion from the auditor based on their audit result aimed at a person and/or organization authorized to take action and/or corrective action.

Monitoring Results of State/Local Loss Settlements incurred between 2005-2019 that have been officially determined, by Degree of Settlements



Source: Audit Reports Summary Semester II 2019

In monitoring these follow ups, BPK administers audit reports and make inventories of findings, recommendations, and follow-up status, as well as values of asset transfer or money deposits to state/provincial government/agency treasury.

In general, BPK's recommendations can be followed up by depositing money/assets to state/provincial government/agency or by completing work/goods, and by administrative measures such as giving reminders, warnings and/or sanctions to the person in charge and/or the person executing the activities. Administrative measures may also come in corrective actions in financial administration, completing evidence of accountability, and correcting internal control system partially or in a whole.

Recommendations cannot be followed up when follow-ups cannot be done effectively, efficiently, and economically based on BPK's professional judgments such as organizational changes affecting its existence, regulatory changes, or force majeure.

Since January 6 2017, BPK has gradually implemented its Audit Recommendations Follow-up Monitoring Information System (or SIPTL). This system is created for audited entities to submit supporting documents and evidence of followed-up recommendations more quickly and well-documented. For BPK, this application is expected to accelerate the process of determining recommendation status, and produce more updated, accurate and informative data on recommendation follow-ups.

Within 2005-2019, BPK has delivered 560,521 recommendations to audit entities with values amounting to IDR 255.27 trillion. 416,680 recommendations (74.3 percent) worth IDR 127.33 trillion have been followed up accordingly, while 100,950 recommendations (18 percent) worth IDR 104.49 trillion have been followed up but not in accordance with the recommendations. In addition, 37,370 recommendations (6.7 percent) worth IDR 12.23 trillion have not been followed up, and 5,521 recommendations (1 percent) worth IDR 11.22 trillion could not be followed up.

Cumulatively, as of 31 December 2019, the auditees have taken follow-up actions in relation to BPK recommendations on audit results from 2005 to 2019 by handing over assets and/or depositing payments to the state/regional/agency treasury amounting to IDR 106.13 trillion.

Specifically for 2015-2019, BPK has submitted 199,398 recommendations with values amounting

to IDR 121.73 trillion. Monitoring result shows that 120,557 recommendations (60.5 percent) worth IDR 42.38 trillion have been followed up accordingly.

Meanwhile, 53,331 recommendations (26.7 percent) worth IDR 67.13 trillion have been followed up but not in accordance with the recommendations, 24,956 recommendations (12.5 percent) worth IDR 10.46 trillion have not been followed up, and 554 recommendations (0.3 percent) worth IDR 1.76 trillion could not be followed up.

Cumulatively, the auditees have taken follow-up actions in relation to BPK recommendations on audit results from 2015 to 2019 by handing over assets and/or depositing payments to the state/regional/agency treasury amounting to IDR 23.27 trillion.



Monitoring results suggest that officially determined state/regional losses for 2005-2019 amounted to IDR 3.2 trillion.

Summary of Audit Reports for Semester II of 2019 also provides a summary of monitoring results of state/regional loss settlements for losses incurred from 2005 to 2019 that have been officially determined. This settlement value does not include losses resulting from calculations requested by law enforcement agencies for cases of corruption. Monitoring results suggest that officially determined state/regional losses for 2005-2019 amounted to IDR 3.2 trillion. State/regional losses identified in the regional governments with value of IDR 2.44 trillion (76 percent) is the highest value of state/regional losses officially determined in the period.

Settlements of state/regional losses from this 2005-2019 period are made through payment in instalments of IDR 284.90 billion (9 percent), full repayments of IDR 1.14 trillion (36 percent), as well as write-offs at central government by 35 percent, regional governments by 51 percent, state-owned enterprises by 37 percent, and local-owned enterprises by 33 percent amounted to IDR 82.83 billion (2 percent). Thus, the remaining losses still amounted to IDR 1.69 trillion (53 percent). ●

Challenges in Performing Investigative Audit

Another important thing for an investigative auditor is the ability to work together with law enforcement officials (APH) and other auditors in BPK.



The Audit Board of the Republic of Indonesia (BPK) has a role in fighting corruption in the country. Through the Directorate General of Investigation Audit (AUI), BPK conducts investigative audits (PI), calculates state losses (PKN), and provides expert statements (PKA). In the 2017-2019 period, the BPK submitted 22 PI reports with an indication value of state/regional losses of Rp.8.70 trillion and 229 PKN reports with a value of state/regional losses of Rp.11.77 trillion to the authorities. Meanwhile this year, BPK is assisting the Attorney General's Office in uncovering state losses in the case of PT Asuransi Jiwasraya (Persero)'s case. According to BPK calculations, state losses from the Jiwasraya case reached Rp. 16.9 trillion. AUI has also implemented 189 expert statements at

the trial stage. All expert statements at the trial were used in the charges by the public prosecutor (JPU).

The performance of AUI is now the responsibility of Hery Subowo. Hery was appointed as Director General of Investigation Audit as successor to I Nyoman Wara. I Nyoman Wara said that the replacement process is a common practice in his institution. I Nyoman, who now serves as the Inspector General, hopes that the synergy in his institution will be maintained.

Meanwhile, Hery Subowo, who was appointed as Director General of Investigation Audit on September 29, said that investigative audit has its own challenges. An auditor who works at AUI must have a strong passion in the field of investigation. Because, they have to work in an unstructured situation because the timeframe and investigative audit procedures cannot be ascertained.

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The wilderness of the entity being audited is arguably darker as the data cannot be obtained easily.



"The wilderness of the entity being audited is arguably darker as the data cannot be obtained easily. Even, there is a tendency that official data could not able to reveal the corruption behind it," said Hery, who was just appointed as Director General of Investigation Audit on September 29 to replace I Nyoman Wara. Sometimes, he said, the process of obtaining information and data also goes through procedures that are not normal. "Now this requires art, the art of obtaining information, then the art of obtaining data, because it is not structured like a 'pious child luck', depending on the deeds," he said. Hery said that the competence of auditors will continue to be improved, especially in terms of fraud awareness. Because, the auditor must have the ability to detect, predict, and formulate hypotheses to prove fraud.

"He also has to understand the regulatory or legal framework in Indonesia because from there later we will uncover irregularities from regulations that cause losses to the state or the region," he said. That is what he calls the biggest area of investigative auditors, namely uncovering criminal acts and state losses due to illegal acts.

Legal knowledge must also be sufficient. This is because there is a possibility that an auditor will become an expert witness at trial. He added, AUI also needs digital forensic experts who are able to sort data in digital form and information technology experts who understand various tools to process data so that they can uncover patterns of fraud.

Furthermore, said Hery, AUI must have auditors who are competent in the field of asset tracking. This is because the end of the investigative audit process is the litigation process in court where there is evidence in court regarding the amount of state losses that must be charged as

compensation.

"So, the replacement money really depends on how the corruptors' assets were confiscated for later execution. "If nothing is confiscated or a little is confiscated, then the possibility of executing the replacement money will be minimal, so that state losses will not be recovered," he said.

Another thing that is no less important for an investigative auditor is the ability to work together with law enforcement officials (APH) and other auditors in BPK. This is because the data on fraud could be obtained from the report on the results of the audit (LHP) conducted by auditors outside AUI. From there, AUI can carry out an assessment of the LHP and submit it to APH.

He explained, if the report prepared by the Directorate Generals of Audit (AKN) shows indications of fraud and corruption, this information can be submitted to AUI. It could also be the other way around, in which, the investigative auditor took the initiative to investigate the audit report because there were indications of fraud. "For example, from the audit reports or from community reports, requests from law enforcement officials, and after tracing it has fulfilled 5W 1H, who did it, what was the fraud committed, where, when did it occur, why was it done, and how is the modus operandi, if it is strong, meaning that it becomes an entry point for investigative audit," he said.

From that process, if evil intentions and acts against the law are found, the audit can be upgraded to an investigation audit. "This investigation results are the ones we convey to law enforcement officials, so that they can carry out investigations," he said.

He added, investigative auditors have the right to expose data to APH investigators regarding possible state losses. When the evidence is complete, a letter of assignment can be issued to calculate state losses. The AUI can also evaluate the evidence from APH regarding state losses if requested.

From evaluating the evidence provided by APH and rechecking the witnesses, the state losses calculation report will be issued. He emphasized, based on the Supreme Court Circular Letter No.4 of 2016, only BPK has the constitutional authority to declare state financial losses. "Our auditors can become expert witnesses. That is the ultimate investigative auditor's task, providing expert statements at trials in the context of state losses calculation." ●



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The Audit Directorate General VI Performs Audit on the Handling of Health Impact of Covid-19 Pandemic

Prevention and healing efforts will be related to community welfare.

The Audit Board of the Republic of Indonesia (BPK) will conduct a comprehensive audit on budget for handling Covid-19. One of the areas highlighted in the audit is handling the health impact of Covid-19 pandemic. The Audit Directorate General (AKN) VI is responsible for auditing the expenditure budget of IDR 87.55 trillion for handling Covid-19 in the health sector, out of the total budget for handling Covid-19 prepared by the government amounting of IDR 695 trillion.

BPK Board Member VI, Harry Azhar Azis stated that the purpose of audit was to ensure transparency and accountability of budget use during the Covid-19 pandemic. In addition, this audit was also aimed at ensuring that every budget disbursed must be able to improve the welfare of people, especially in the challenge of spreading the plague.

"We want to make sure that the budget is truly beneficial for the greatest prosperity of the people," said Harry to *Warta Pemeriksa*.

Harry conveyed that the audit was carried out from July to November 2020. He emphasized that BPK will audit on the post-budget implementation. The budget that will be audited includes budget for handling Covid-19 which has been disbursed since the determination of the emergency period or in March 2020. "However, there

is a possibility that budget for handling Covid-19 issued before March 2020 can be audited as well. Because there is information in several places that budget submissions were made, even before the determination of an emergency period," said Harry.

Harry said that AKN VI had done a number of actions such as conducting research and collecting data and information. AKN VI has also held a technical coordination meeting (Rakornis) at the end of July 2020 to ask for input, especially from BPK representatives in the regions. In the discussion, AKN VI has formulated a number of auditing targets. First, with regard to an early warning system or prevention of the spread of Covid-19. Then, related to the curative or healing process of the patient.

The prevention and healing efforts will be related to the welfare of community. The fewer people who are infected and the more patients who are recovering will result in a stronger economic movement. "In the end, it will lead to the welfare of the community," Harry said.

AKN VI will audit the effectiveness of policies issued by government in handling Covid-19, especially in the health sector. In addition, the audit will highlight the refocusing and budget reallocation policies to support the handling of Covid-19. One of the issues that will be highlighted is the effectiveness of refocusing and its impact on other priority government programs in health sector. He gave an example, even

though the government was dealing with the Covid-19 pandemic, other priorities such as alleviating stunting, tuberculosis, HIV and malaria remained in the spotlight.

The performance audit team from AKN VI will focus to audit three entities, namely the Ministry of Health (Kemenkes), Health-care and Social Security Agency (BPJS Kesehatan), and the Food and Drug Supervisory Agency (BPOM). The Ministry of Health as the leading sector receives the budget for handling health impacts. Meanwhile, BPJS Kesehatan will verify claims submitted by health facilities or Covid-19 referral hospitals.

“BPJS verifies (the claim) and then submits it to the Ministry of Health, then Ministry of Health will pay it directly to the hospital,” said Harry.

Meanwhile, BPOM which has a number of laboratories throughout Indonesia, will be audited its performance. Some of these laboratories can conduct Covid-19 polymerase chain reaction (PCR) testing. BPOM has conducted PCR checks in several areas and also collaborated with local governments, Regional Public Hospitals (RSUD), or universities.

In addition, BPOM is also known to be setting up cyber patrols to monitor the circulation of unlicensed drugs. One example is the circulation of the drug chloroquine on the online black market.

“BPOM has task to curb this circulation, whether it is legal or not. Moreover, WHO has conveyed that this drug is quite dangerous if used for people with heart symptoms,” he said.

Harry conveyed that BPK audit would always refer to regulations on the use of budget which are stipulated in statutory provisions. He said BPK would audit the government’s compliance in using the budget according to existing regulations.

The government does not need to be worried in using the budget during a pandemic because there are technical regulations. These are derivative of Presidential Regulation Number 16 of 2018 in Chapter VIII of Special Procurement.

“Of course, our auditors will pay attention some aspects, whether it is negligence, waste, or there is an element of fraud, and others. We’ll confirm later,” said Harry. ●



■ BPK Board Member VI, Harry Azhar Azis

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However, there is a possibility that budget for handling Covid-19 issued before March 2020 can be audited as well. Because there is information in several places that budget submissions were made, even before the determination of an emergency period.

Covid-19 Audit

An Early Start to Safeguard

With BPK auditors being assigned in the midst of efforts in handling Covid-19, ministries/agencies can directly ask questions with regard to transparency and accountability of budget use.

Handling the Covid-19 pandemic requires cooperation from all parties. The Audit Board of the Republic of Indonesia (BPK), having the mandate to assess the management and accountability of state finance, must play a role in helping the government handle Covid-19 through auditing.

Considering the above reason, BPK decided to start auditing how the government handle this pandemic from an early stage. BPK Board Member III Achsanul Qosasi stressed that the reason for this audit is not to seek mistakes, but rather to help government use Covid-19 budget for its programs in an appropriate, accountable, and effective way.

"BPK is here (doing audit) not to search faults, but to confirm whether such policies or programs have been appropriately implemented," told Achsanul to *Warta Pemriksa*.

Achsanul continued, government has amended the Presidential Regulation (Perpres) on Covid-19 Task Force three (3) times. The last one was the issuance of Perpres No. 82/2020 concerning Covid-19 Handling Committee and National Economic Recovery (PEN). Budget for Covid-19 keeps escalating, from IDR 463 trillion to IDR 695.2 trillion. It means, he concluded, that the combat against Covid-19 is very dynamic and pivotal.

"With the current progress with Covid-19, BPK is open the opportunity for the

public to open for questions from the public. Questions to BPK that came up were, firstly, whether government's regulations are appropriately issued for their sole purposes. Secondly, will they be held accountable; and thirdly, whether government's programs for Covid-19 are adequate to help solve the issues," he added.

To answer the above questions, BPK decided to assign its audit team earlier than for the usual audit program. Usually, auditors are assigned after the activities/programs are conducted. Achsanul clarified, with BPK auditors being assigned in the midst of efforts in handling Covid-19, ministries/agencies can directly ask questions with regard to transparency and accountability of budget use.

"Auditees can ask directly, whether something is right or not, whether the conditions are appropriate or not. If BPK wanted to look for mistakes, we would have let the government works its own way until 2021, and only then we would start auditing. However, as this is an emergency situation, all must work hand in hand to be more transparent," he explained.

Achsanul admitted he has issued letter of assignments to some auditees, but the nature is still for data gathering, so as not to interfere the work of the executive.

Achsanul explain further, BPK's policy in auditing the management and accountability of state finance in handling Covid-19 is by conducting a comprehensive risk-based audit. A comprehensive audit is an audit which combines three types of audits: financial, performance, and special purpose audits. The scope of audit includes refocusing and reallocation of budget for Covid-19, as well as additional state/local expenditure and National Economic Recovery (PEN) scheme.

The objective of BPK's audits is to assess



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

the effectiveness, transparency, accountability, and compliance of the management and accountability of state finance formulated based on analysis of risks and public issues. To achieve this objective, in its Covid-19 audit, BPK will assess how the budget provided is allocated. Additionally, BPK will examine whether benefits/facilities/assistance are received by the rightful parties and whether they are received on the right time, right amount, and right quality. Further, BPK will also assess whether all transactions are recorded, reported, and accounted for, and there are no violations of provisions and misuse of the budget.

Achsanul added, before conducting the audit, he asked BPK team to hold a focus group discussion inviting representatives from the Coordinating Ministry of Economic Affairs, Ministry of Finance, National Board for Disaster Management (BNPB), Ministry of Health, Ministry of Social Affairs, and Ministry of State-Owned Enterprises, to discuss the Covid-19 audit. BPK also consulted with the House of Representatives (DPR).

With regard to performance, according to Achsanul, the government has taken the right measures. At the outset of the pandemic, the government mitigated the emergency situation by enforcing large-scale social restrictions (PSBB). The public was prohibited from traveling and was required to apply health protocols. When mitigation could not control Covid-19, the government then launched an

emergency response, including setting up referral hospitals and quarantine facilities. Government then provided social assistance to affected communities. Furthermore, National Economic Recovery (PEN) program was launched to increase economic growth. "So when calculated, the budget for mitigation reaches IDR197 trillion, emergency response is IDR87 trillion, social assistance is IDR203 trillion, and PEN itself is IDR242 trillion. Total budget is IDR695 trillion," he revealed.

Achsanul reiterated that BPK is conducting the audit to help government perform better. So, government does not need to be afraid of running their programs. He also hopes that no one else is afraid of using the budget for fear of being considered by BPK as its audit findings. Moreover, Perppu No 1/2020 concerning State Finance Policy and Financial System Stability for the Handling of Coronavirus Disease 2019 (Covid-19) and/or in the Framework of Dealing with Threats Endangering National Economy and/or Financial System Stability has been legalized as Law No. 2/2020.

This new law nullifies 12 existing laws so that Covid-19 pandemic can be handled immediately. "For example, you no longer need to come for tenders. Just have a "beauty contest": look for the ones that are capable, send the goods, make a handover report, calculate costs based on quantity, then make an invoice. So things (procurements) should not be slow," he ended. ●

Auditing the Pandemic Management in Regions

Fast and precise audit process to provide the best recommendations to the government needs to be undertaken.



■ BPK Board Member V, Bahrullah Akbar

Director General of Audit V, Audit Board of the Republic of Indonesia (BPK) participated in auditing the budget for Covid-19 handling. Since the end of June 2020, AKN V BPK has held a number of activities as preparation and planning for the audit. Board Member V BPK, Bahrullah Akbar, said that the audit would focus on the role of the Ministry of Home Affairs (Kemendagri) and local governments (Pemda). "The purpose of auditing the Covid-19 handling at the Ministry of Home Affairs is to assess the effectiveness of its role in policy formulation, coaching, monitoring, evaluation, and supervision of the Covid-19 handling within the scope of the local governments," said Bahrullah to *Warta Pemeriksa*.

Meanwhile, the audit with the scope of local government is to assess budgeting, implementation, and financial accountability for health management activities, social safety nets, and economic impact handling related to the Covid-19 pandemic.

Since the end of June 2020, AKN V has carried out various activities as a series of preparation and planning for the audit of Covid-19 handling. Some activities that have been carried out include establishing a working

group team (Pokja) in charge of designing the types of audits and themes, as well as the focus of the audits to be carried out. The working group involved working units from Central Office, the Audit Directorate V.A and Audit Management Directorate, as well as 16 BPK regional offices in Java and Sumatra.

AKN V has also held a technical coordination meeting related to preparation for the audit of Covid-19 handling. Furthermore, said Bahrullah, AKN V held a focus group discussion (FGD) that invites speakers from the central government, practitioners, local governments, as well as academics or observers. Further, AKN V also prepared a strategic paper on auditing the Covid-19 handling and developed a preliminary audit program.

According to Bahrullah, one of the important aspects of the audit is the discussion of the time frame for the audit. Bahrullah explained, the audit of the Covid-19 handling will be carried out within the period 2020 to 2023 or in line with the time frame of Law No.2 of 2020 on State Financial Policy and Financial System Stability for Handling the Covid-19 Pandemic.

“For this year’s audit, the only effective time left for audits is in August to December 2020. So it is necessary to carry out a quick and precise audit process to provide the best recommendations to the government regarding the model for handling Covid-19,” said Bahrullah. Meanwhile, regular audits are still running, namely the audit of local government financial reports (LKPD), performance audits, and specific purpose audits (PDTT) which have been planned for 2020. Bahrullah said, PDTT Covid-19 would later continue to contribute to LKPD 2020 audits.

For audit in 2021, according to Bahrullah, an evaluation of the results of the 2020 audit is needed to determine the audit model for that year. “In the first semester of 2021, of course, BPK will also carry out audits of LKPP, LKKL and LKPD, but they can also be used to carry out procedures for auditing Covid-19 thus the audit will continue,” said Bahrullah.

Currently, the Working Group has formulated the focus or target of the audit. The audit of the Ministry of Home Affairs will focus on the role of the Ministry

of Home Affairs in Covid-19 handling, especially in relation to its role in formulating regulations, policies, guidance, monitoring, and supervision of local governments in handling Covid-19. Meanwhile, for local governments, the audit is focused on budget reallocation and refocusing, health sector handling including third party contributions, the social sector handling, and economic impacts handling.

Based on the results of data and information collection, Ministry of Home Affairs has made a number of efforts to accelerate the Covid-19 handling by issuing a number of regulations. It also includes the joint decision between Minister of Home Affairs and the Minister of Finance regarding the Adjustment Acceleration of the 2020 State Budget in the Context of Covid-19 Handling and Safeguarding Public Purchasing Power and the National Economy. Based on the results of monitoring by the Ministry

of Home Affairs on budget reallocation and refocusing until July 7, 2020, the total budget allocation for Covid-19 handling in all local governments is IDR 74.34 trillion or 5.7 percent of the total local government’s budget.

Audit of the Covid-19 handling will be carried out by means of a sampling of the Ministry of Home Affairs and local governments in 16 BPK regional offices for the Java and Sumatra regions,

both provincial and district/city governments. The local government agencies (SKPD) that are subject to audit include Finance and Asset Management Agency (BPKAD), Regional Development Planning Agency (Bappeda), Health Service Agency, Social Service Agency, and Regional Disaster Management Agency.

The types of audits used for the Covid-19 handling are performance audit and special purpose audit. Performance audit is carried out to assess the effectiveness of the Ministry of Home Affairs’ role. Meanwhile, special purpose audit is carried out to assess the response to Covid-19 at the provincial and district/city governments. “All regional offices under AKN V will be involved in this audit. Moreover, regional offices in the eastern region under the auspices of AKN VI will also participate in specific purpose audit on the Covid-19 handling,” said Bahrullah. ●



So it is necessary to carry out a quick and precise audit process to provide the best recommendations to the government regarding the model for handling Covid-19.

The Hope for Economic Growth Recovery

The widening budget deficit is made considering the need for state expenditure for health care, and the economy increases when state revenue decreases.



President Joko Widodo (Jokowi) presented the Draft Bill of State Budget 2021 (RUU APBN) and financial notes before the parliament on Friday (14/8). In his speech, the President mentioned a number of macroeconomic indicator assumptions used in the 2021 Draft State Budget.

President emphasized the assumption that economic growth is expected to move positively in line with improvements in household consumption and investment.

Jokowi conveyed that economic growth assumption is set to grow 4.5 percent to 5.5 percent. Meanwhile, the inflation rate is set at 3 percent. These numbers are believed to be able to support public's purchasing power and increase consumption. Then, the rupiah exchange rate is estimated to move in the range of Rp14,600 per US dollar.

The next macro assumption is that the 10-year National Securities (SBN) interest rate is estimated to move at the 7.29 percent level. The price of Indonesian crude oil (ICP) is also pegged at US\$45 per barrel, in line with the oil and gas lifting

target estimated at 705 thousand barrels and 1,007,000 barrels of oil equivalent per day respectively.

Regarding the deficit level in the 2021 Draft State Budget, the number is pegged at 5.5 percent of GDP or Rp971.2 trillion. "This deficit is lower than the 2020 budget deficit of around 6.34 percent of GDP or Rp1,039.2 trillion," said Jokowi. The Covid-19 pandemic that has hit Indonesia since the beginning of this year has made the government decide to widen the state budget deficit above 3 percent over the next three years.

"The widening budget deficit is made considering the need for state expenditure for health care, and the economy increases when state revenue decreases," said Jokowi.

Jokowi explained that the state revenue plan was pegged at Rp1,776.4 trillion and state expenditure at Rp2,747.5 trillion. To deal with the budget deficit of Rp971.2 trillion, Jokowi ensured that the financing would be managed carefully.

"The 2021 budget deficit is financed by utilizing safe and carefully managed financing sources," the President explained.

Jokowi also emphasized that debt financing will be carried out responsively to support economic and social recovery. Deficit financing, said Jokowi, will be carried out in cooperation with the monetary authorities, while maintaining the principles of fiscal discipline and monetary discipline. "The government always maintains a prudent debt management consistently," Jokowi explained.

For next year, the government will prioritize health budget of Rp169.7 trillion or 6.2 percent of the state budget. The allocation will be channeled to support vaccine procurement, improve nutrition for pregnant-breastfeeding mothers and toddlers, handling infectious diseases, and reduce stunting.

Meanwhile, for the 2021 education budget, Rp549.5 trillion or 20 percent of the state budget is allocated according to existing regulations. The focus of budgeting for education sector is human resources development, technological adaptability improvement, and productivity improvement through economic knowledge in the industrial era 4.0.

"The government will carry out educational reforms through transformation of school principal leadership, transformation of education and teacher training, teaching according to student ability levels, global assessment standards, and regional partnerships and civil society," said Jokowi.

The education budget will also be used to strengthen early childhood education program (PAUD), increase the effectiveness of educational assistance (BOS, PIP, and LPDP), and improve the quality of education infrastructure, especially in least developed, frontier, and outermost (3T) areas.

Minister of Finance, Sri Mulyani Indrawati, explained that the government has set economic growth to reach 4.5 percent to 5.5 percent. Not only domestic factors, achieving this target also depends on the global situation. "Of course we are influenced by the world economic growth prospect. Perhaps in the third quarter, there will be many revised projections from international institutions," said Sri.

With this uncertainty, Sri ensured that the government would continue to use its policy instruments to their full potential. Fiscal and monetary coordination is maintained to create a conducive situation for economic growth and recovery. The burden sharing scheme between fiscal and monetary authorities will continue next year. Sri emphasized that this policy was carried out while maintaining credibility and prudence.

Reform through the Omnibus Law is also the government's main focus. Sri said the completion of this regulation would improve the world's confidence of Indonesia, so that it could attract capital flows into the country while reducing the volatility of rupiah exchange rate.

On the other hand, the government together with Central Bank of Indonesia (BI) will maintain inflation at around three percent, especially for volatile food and inflation from products that are maintained by the government. Sri said this focus was in accordance with President Jokowi's direction,

namely prioritizing the food security budget.

Regarding the deficit level, Sri explained, the widening budget deficit was done because the government saw the ongoing uncertainty due to the Covid-19 pandemic until next year. As a result, government expenditure will continue to increase, while revenue is potentially continue to experience pressure.

"Therefore, the need for fiscal recovery and expansion to encourage recovery still felt important," she said.

In terms of income, Sri said, the government was still focused on providing incentives for economic recovery. Therefore, the target for growth in state revenue is not too high, namely from Rp1,699 trillion this year to Rp1,776 trillion next year, or an increase of about three percent.

On the other hand, expenditure to accelerate economic recovery is being carried out. Especially in encouraging the lowest people's purchasing power through the provision of social assistance. Access for micro, small and medium enterprises (MSMEs) and cooperatives through the interest subsidy for People's Business Loans (KUR) is also ongoing. Moreover, Sri added, program support for affected sectors such as food and tourism will also be a priority for the government next year. ●

Posture of the 2021 State Budget

| | | |
|--------------------|-----------------------|----------------------|
| STATE REVENUE: | STATE EXPENDITURE: | DEFICIT: |
| Rp1,776.4 T | Rp2,747.5 T | Rp971.2 T |
| | | (5.5 percent of GDP) |



Basic Macroeconomic Assumptions

| | |
|--|---|
| 1. Economic Growth | 4.5-5.5 percent |
| 2. Inflation | 3 percent |
| 3. Rupiah exchange rate | Rp14,600 per US dollar |
| 4. 10-year National Securities interest rate | 7.29 percent |
| 5. Crude oil price | US\$45 per barrel |
| 6. Oil lifting | 705,000 barrels per day |
| 7. Gas lifting | 1,007,000 barrels of oil equivalent per day |

Source: Draft State Budget 2021

Continuous Program for Recovery

The Covid-19 Pandemic has resulted in budget implementation in unusual conditions. However, the prompt budget execution is highly required to maintain health services and promote economic recovery.



■ Sri Mulyani Indrawati

The government submitted the Draft Bill of State Budget 2021 and financial notes to parliament last August. Minister of Finance, Sri Mulyani Indrawati, said that the main focus of the government in the 2021 state budget draft is to recover the economy and to strengthen reforms.

Sri said that the government would still put their efforts to deal with the impact of the Covid-19 pandemic in terms of health, economy, and social life. The government still allocate an economic recovery fund of Rp356 trillion in 2021. Even though, this number is smaller than the 2020 economic recovery budget of Rp695 trillion.

“So how can National Government support especially in the field of social assistance, to help MSMEs, encourage sectoral activities, local governments, and business world. We put that into the 2021 budget posture,” said the Minister of Finance in an interview with *Warta Pemriksa*.

Even in a pandemic situation, Sri emphasized, development efforts to encourage Indonesia becoming a high-income developed country still continue. Sri conveyed that structural problems such as the quality of human resources were translated into policies. Then, budgets for education, health, and social assistance remain priority. Education reform, said Sri, would be handled by the Ministry of Education and Culture, especially in terms of teaching and curriculum. In the health sector, the government will also increase the budget

allocation from the previous 5 percent of the state budget to around 6 percent of the state budget.

"This is to increase our ability for early detection and strengthen our health services," said Sri.

The social assistance sector will also continue to be reformed, especially by increasing the accuracy of data on the poor. The government will also protect disadvantaged groups with a number of subsidies and social assistance programs. In the 2021 Draft State Budget, the government sets a deficit level of 5.5 percent of GDP or Rp971.2 trillion. This deficit is lower than the 2020 budget deficit which reached 6.34 percent of GDP or Rp1,039.2 trillion. State revenue is estimated to reach Rp1,776.4 trillion with a ceiling of Rp2,747.5 trillion. Minister of Finance said that the government will support the economic activity with an expansionary but still consolidative fiscal policy.

Sri explained that expansionary policies were needed to boost the economy. This was reflected in the budget deficit level which was widened from the limit of 3 percent of GDP to 5.5 percent of GDP. However, the government is also trying to be consolidative, which is shown by the level of budget deficit that has decreased from 2020.

"So we consolidate gradually in terms of state budget. However, we still have to be supportive

because the economic recovery still has to be assisted," said Sri. To patch up the budget deficit, the government will implement a prudent financing strategy. Sri emphasized that one of the important things in managing financing and risk at the Ministry of Finance is transparency. Sri added that the Ministry of Finance is audited by Audit Board of the Republic of Indonesia (BPK) who is independent and able to see every issues in the management of state finances.

"There's nothing to hide and that is a good governance practice," said Sri.

Regarding the budget absorption process, Sri hopes that BPK can carry out an audit with an understanding of the context faced in handling the Covid-19 pandemic. According to Sri, the Covid-19 pandemic caused budget implementation to run under unusual conditions. However, the prompt budget execution is highly required to maintain health services and encourage economic recovery.

"In the end, cooperation with institutions, and law enforcement officials is important so that good intentions and the desire to help the people during this difficult time, do not compromise with carelessness, or even corruption, or conflicts of interest. Now this is what continues to be done," said Sri. ●

PEN Policy Programs in Draft State Budget 2021

HEALTH:

RP25.40 TRILLION

- Procurement of Covid-19 vaccines
- Immunization, infrastructure, research and development laboratories
- Health care (BPJS) contribution assistance reserves for PBPU/BP

BUSINESS INCENTIVES:

RP20.40 TRILLION

Government-borne Taxes (DTP)

FINANCING CORPORATIONS: RP14.9 TRILLION

- State Equity Participation (PMN) for guarantee institutions
- PMN for SOEs carrying out assignments (Hutama Karya, ITDC, Pelindo III, KIW)
- Guarantee backstop loss limit

**TOTAL BUDGET:
RP356.5 TRILLION**

MSMES: RP48.8 TRILLION

- Regular KUR interest subsidy
- Financing support for cooperatives and MSMEs
- Placement of funds in banking sector
- Guarantee loss limit
- Reserve financing of PEN

SOCIAL PROTECTION:

RP110.2 TRILLION

- PKH for 10 million Beneficiary Families
- Rp200.000 worth cards for basic food per Beneficiary Family
- Pre-employment Card
- Village/Rural Fund
- Cash assistance for 10 million Beneficiary Groups

SECTORAL MINISTRIES AND LOCAL GOVERNMENT: RP136.7 TRILLION

- Tourism support
- Food security
- K/L labor intensive

Source: Ministry of Finance

LFAR Strengthens the Added Value of Local Government's Audit Reports

LFAR will continue to be expanded to other regions in Indonesia.

The Audit Board of the Republic of Indonesia (BPK) initiated the Long Form Audit Report (LFAR) as a form of implementation of ISSAI 12 on Value and Benefit of SAIs. BPK Board Member V Bahrullah Akbar said that the audit report reporting scheme is an effort to provide added value from audits conducted by BPK, especially for local governments.

According to Bahrullah, based on the results of peer review conducted by SAI Poland, the allocation of performance audits at BPK is still considered insufficient. More resources from BPK are still deployed to conduct audits of financial reports in the first semester and to conduct audits with specific purposes (PDTT) in the second semester.

"The audit of financial reports has shown substantial progress that is getting better, marked by the achievement of the WTP opinions of various local governments. Therefore, we need to put added value again," Bahrullah told *Warta Pemeriksa*.

Bahrullah said that the initiation of LFAR in the AKN V scope was inspired by the request for an audit by the International Atomic Energy Agency (IAEA) to the BPK. This world atomic agency requested BPK not only to audit financial reports but also to conduct performance audits.

"We add the results of the performance audit



■ BPK Board Member V, Bahrullah Akbar

to the audit report so that the report is comprehensive and complete,” said Bahrullah.

As a pilot project, AKN V began implementing LFAR in the audit of five provincial governments, including Aceh, Lampung, Banten, East Java and DKI Jakarta.

The subject of performance audits in the five regions varies according to the conditions of each entity. In Banten Province, BPK conducted a performance audit on the effectiveness of disaster management at the pre-disaster stage of the budget year 2019, the results of which were not yet effective.

In Lampung Province, BPK carried out a performance audit on the effectiveness of local government efforts to achieve road stability goals in support of the movement of people and goods during the budget year 2019, the results of which were less effective.



BPK does not question the options taken by the DKI Jakarta Provincial Government to conserve energy.

In the province of East Java, BPK carried out a performance audit on the effectiveness of the road and bridge construction and maintenance program for the budget year 2019, the results of which were quite effective. Meanwhile, in Aceh, BPK carried out a performance audit on the effectiveness of the infrastructure development and maintenance program from the 2019 Special Self-Government Fund, the results of which were less effective. In the meantime, there is still a need to improve the output based on the performance audit done on the control management of air pollution from the land transport sector in DKI Jakarta.

Bahrullah said that LFAR will continue to be expanded to other regions in Indonesia. AKN V has also agreed with AKN VI, which oversees BPK Regional Offices in the eastern region, to implement LFAR next year. “In the future, I think this will be activity that BPK regularly does,” Bahrullah said.

Head of the BPK Regional Office of DKI Jakarta, Pemut Aryo Wibowo, said that the spirit of LFAR is providing benefits to stakeholders. The benefits can be seen from the results of the audit, which are effective and address to the target.

BPK Regional Office of DKI Jakarta also tries to

apply this pattern by raising the issue of air pollution in Jakarta. According to Pemut, this problem has become an old issue but it is still being worked separately.

“We want to know if DKI Jakarta has a broad design related to air pollution control. It turns out that there are fundamental flaws because each work unit still works separately,” Pemut said.

He explained that one of BPK’s recommendations to DKI Jakarta Provincial Government is to develop a road map to monitor air pollution and to form a leading sector.

“This current (condition) is like you’re playing an orchestra. We have a good musicians, but one musician plays dangdut, the other one is playing jazz, and the other is playing rock. There’s no conductor and no scores,” Pemut said.

Pemut said that DKI Jakarta Provincial Government has taken a number of efforts to control air pollution. One of the items BPK has audited is the method of converting gas fuel as an attempt to conserve environmentally friendly fuels.

BPK found that the data on the use of gas for transport actually decreased. The reason is that investment in gas is not profitable in such a way that the supply of SPBG is very limited. Furthermore, the use of gas-based vehicles is no longer encouraged. “The use of natural gas continues to decline,” he said.

In a discussion with the Governor of DKI Jakarta, Pemut said that the provincial government of DKI Jakarta is seeking to make a direct leap to electric energy-based transport. In this regard, Pemut has reminded the DKI Jakarta Provincial Government to continue observing its experience with the implementation of previous policies.

“BPK does not question the options taken by the DKI Jakarta Provincial Government to conserve energy. But, please consider to the problems that have existed before because it turns out that there is discontinuity,” he said.

The spirit of performing performance audits, Pemut said, will continue growing in the future. He said that BPK Regional Office of DKI Jakarta had dealt with two issues of performance audit that had been conducted in the second half of this year. This is the supply of clean water and flood control

“These issues have been covered in the preliminary audit and we plan to perform a detailed audit next month,” said Pemut.

For the next year audit in first Semester, BPK Regional Office of DKI Jakarta plans to raise waste water management and the performance of providing housing for the poor in capital city. ●

President Compliments BPK's Nimbleness

According to President Jokowi, BPK has nimbly and thoroughly audited and submitted reports of its 1,180 audits for FY 2019.



■ Indonesia President, Joko Widodo

President Joko Widodo complimented the fast and careful steps taken by the Audit Board of the Republic of Indonesia (BPK) amid the Covid-19 pandemic, especially in safeguarding state finance.

This was conveyed by the President when delivering the State Address at the Annual Session of the People's Consultative Assembly

(MPR), Friday, 14 August 2020.

The President said that in the midst of various technical difficulties during the Covid-19 pandemic, BPK has nimbly and thoroughly audited and submitted reports of its 1,180 audits for FY 2019.

BPK, he continued, also provided 26,060 recommendations to the Central Government. "In addition, BPK orders deposit to the

state treasury worth IDR1.29 trillion,” said the President.

The President added that this big responsibility did not dampen BPK’s agenda to continue its role as an external auditor to international agencies. “Including its membership in the Independent Audit Advisory Committee under the United Nations,” mentioned the President.

Before MPR’s Annual Session was held, on July 20 BPK submitted the Audit Report of the 2019 Financial Report of Central Government (LKPP). LKPP audit reports were also submitted to MPR and the House of Representatives (DPR).

The 2019 LKPP received an Unqualified Opinion (WTP) from BPK. This shows that government’s accountability for implementing 2019 State Budget was materially presented in the financial statements in accordance with the Government Accounting Standards.

Unqualified Opinion was given to 2019 LKPP based on BPK’s audit of 87 Financial Reports of Line Ministries (LKKL) and 1 Financial Report of State General Treasurer (LKBUN). Out of the 88 entities audited, 84 LKKLs and 1 LKBUN received Unqualified Opinions. The number of entities whose financial reports received Unqualified Opinions increased compared to 2018 which was 82 entities.

Two LKKLs received Qualified Opinions: a decrease from 2018 which was 4 LKKLs. While the other LKKL receiving a Disclaimer of opinion in 2018 still received the same opinion for its 2019

financial report.

In his State Address, the President expressed his thanks and gratitude for the support and nimbleness of the heads and members of all state institutions in taking extraordinary steps to support crisis management and make use of this momentum to implement the nation’s grand strategies.

The President stated, MPR immediately created a new umbrella program called “MPR Cares Against Covid-19” as well as continued socializing and actualizing Pancasila and analyzing the constitution and state administration system. Then DPR very responsively discussed, approved and ratified the Regulation in lieu of Law (Perppu) Number 2 Year 2020 into a Law to lay ground for the postponement of Provincial/ Local Heads Election.

Other legislative agenda also continued to run effectively, including Discussions of the Bill on Mineral and Coal Mining and the Bill on State Finance Policy and Financial System Stability for Handling the Covid-19. The President added, prompt responses was also given by the Regional Representative Council (DPD) to urgent issues faced by provinces, among which are empowering the people’s economy through Village-Owned Enterprises (BUMDes), increasing local competitiveness, and supporting the implementation of health protocols by preparing 9 draft laws as DPD’s initiatives, as well as other agenda in its scope of work. ●



■ Presiden RI Joko Widodo dan Para Pimpinan Lembaga Tinggi Negara.

The Extraordinary Audit for Extraordinary Disaster

BPK is ready to perform its task when government carries out its works, so that the role of BPK in ensuring transparency and accountability can be carried out from the beginning.

The Audit Board of the Republic of Indonesia (BPK) conducted a comprehensive audit on the handling of Covid-19 pandemic. BPK Board Member III, Achsanul Qosasi said that the policy was taken as an unusual step in promoting transparency and accountability in the management of state finances.

"This is a pandemic and an extraordinary incident, so we have to do something out of the ordinary," said Achsanul to *Warta Pemriksa*.

Achsanul conveyed that the audit of the handling of the Covid-19 pandemic was BPK's response to the dynamics of government performance. He said the government looked anxiety in the early of the pandemic by issuing a number of regulations and make some changes in the near future.

"Changes that still occur often have meant that the budget has not been absorbed quickly. Several ministers can not necessarily interpret what the President needs," Achsanul said.

In reality, Achsanul recalled that President Joko Widodo once expressed his dissatisfaction with the ministers at the slow absorption of the budget. There were many reasons for this, one of which was due to questions about the BPK audit.

BPK Board Members also responded by holding a board meeting and it was proposed to carry out an ongoing audit on the handling of Covid-19 pandemic.

"We're going to do it sooner, because if we audit it in 2021, I think we're going to have too many issues," Achsanul said. The Board Members meeting also agreed to carry out a comprehensive audit of the handling of the Covid-19 pandemic, with a budget of Rp. 695.2 trillion. Achsanul was appointed to be the Steering Coordinator for the audit.

Achsanul assessed that this policy needed to be implemented because the existence of Law Number 2 of 2020 had replaced 12 existing laws.

"What was previously prohibited by law is permitted in the Act (Law 2/2020). For example, what was previously required by a tender does not require a tender, only a beauty contest," Achsanul said.

The regulation, Achsanul said, should facilitate the process of procurement to be easier. However, the practice is not generally as smooth as expected. This is because some budget executives do not have encouragement to take the risk of adopting policies out of the ordinary.

"If we usually do post-audits, this is the first time we do an ongoing audit," Achsanul said.

Achsanul emphasized that the BPK's role is not to find fault in government's works. In fact, BPK needs to ensure transparency and accountability for the use of the budget. BPK is ready to perform its task when government carries out its works, so that the role of BPK in ensuring transparency and accountability can be carried out from the beginning.

As part of its implementation, BPK established a working group (kelompok kerja/Pokja) with Achsanul as the steering coordinator, accompanied by two members, BPK Board Member V Bahrullah Akbar and BPK Board Member VII Daniel Lumban Tobing. The Pokja then forms a team and communicates with all BPK Head of Regional Offices and auditors.

Achsanul conveyed that the main objective of the audit is to answer people's questions regarding the effectiveness of the government's pandemic handling program.

"Are the numbers correct? Is it conducted on time or not? Does it address the needs? Where do the funds come from? Is there any procurement process or not? Have partner selection been in compliance with established regulations or not? So, our aim of conducting a comprehensive audit is to response people's questions so that what the government does is guaranteed for its accountability and transparency," Achsanul said.

Achsanul admitted that the BPK could not directly support the government because BPK is an independent institution. But, he said, BPK could play a role in ensuring that the state finances issued for the benefit of Covid-19 handling are properly implemented.

The audit will take the form of a mixture of financial report audits, special-purposed audits (PDTT) and performance audits. Achsanul said that the technicality of audit will be decided by the audit team. Even so, Achsanul conveyed that audit on National Economic Recovery (PEN) program would focus more on performance audits.

"Therefore, BPK will also try to verify the effectiveness of the program in economic recovery," Achsanul said.

Achsanul said the teams have been conducting field audit and the audit was underway. "The audit findings will be formulated in BPK's audit opinion. Therefore, with that opinion, in the coming year it will be possible to correct what is not compliant, what is good will be continued, what is



■ BPK Board Member III, Achsanul Qosasi

not proper will be stopped," Achsanul said.

Achsanul said that the government is seeking to help micro, small and medium-sized enterprises (SMEs) grow by offering incentives and stimulus, such as working capital assistance, direct cash assistance, as well as reforming business regulations. Even so, he understands that the PEN program is closely linked to the degree of buying power of the society. According to him, no matter how much assistance the government offers, it would be difficult for the business world to grow if people do not consume it.

Therefore, said Achsanul, the government should boost economic recovery in the package of social assistance (Bantuan Sosial /Bansos). Cash social assistances such as village funds, wage subsidies, electricity subsidies, and credit subsidies are stimulus assistance that is directly disbursed to society by government. "The goal is for public to have buying power again," Achsanul said. ●

Safeguarding SOEs in Handling Pandemic

The 2020 State Budget funds in the PEN program are the most significant.



■ BPK Board Member VII, Daniel Lumban Tobing

Directorate General of Audit VII participates in the audit of the handling of Covid-19 pandemic initiated by the Audit Board of the Republic of Indonesia (BPK). Audit VII supports this initiative by auditing the management of Corporate Social Responsibility (CSR) funds or community development program, corporate spending, State Budget (or APBN) funds especially the National

Economic Recovery (or PEN) program, and community donations managed by State-owned Enterprises (SOEs) to address the impacts of Covid-19 pandemic.

"From more than one hundred SOEs that we have, BPK will audit Pertamina, PLN, Telkom, Pupuk Indonesia, Himpunan Bank Milik Negara (Himbara) and non-banking financial SOEs," BPK Board Member VII Daniel Lumban Tobing told *Warta Pemeriksa*.

He explained that funding source-wise, the 2020 APBN funds in the PEN program are the most significant. One of the PEN programs highlighted is the placement of state fund in Himbara with an allocation of IDR 30 trillion. Pursuant to Government Regulation (PP) No. 23/2020 and Regulation of the Minister of Finance (PMK) No. 70/2020, this fund placement is intended to assist bank liquidity in restructuring credit/financing and/or providing additional credit/working capital financing.

Another PEN program funding allocations being highlighted are given to PLN for electricity discount worth IDR 6.91 trillion and for relaxation of a minimum tariff worth IDR 3 trillion for customers whose usage do not exceed the minimum usage during the Covid-19 pandemic.

Daniel mentioned, in handling the Covid-19 pandemic, all national entities take part according to their respective role and capacities, including SOEs. The role of state-owned companies includes activities carried out internally by SOEs and through activities involving or influencing SOEs' external stakeholders.

"In accordance with the national Covid-19 pandemic handling strategy, in general the role of SOEs can be seen in health, social protection, and economic recovery sectors," said Daniel.

In health sector, the government assigns several SOEs to provide health infrastructure, including medicines and medical equipment. In the future, SOEs in the field of pharmaceutical will also play a role in providing the Covid-19 vaccine.

Additionally, in accordance with their respective company policies, SOEs also make efforts in preventing and stopping the spread of Covid-19 by providing personal protective equipment (PPE) and disinfectants for internal use as well as for donation to the community.

In social protection sector, several SOEs are entrusted to manage APBN funds to address social impacts faced by people affected, such as electricity discounts through PLN. In addition to using State funds, SOEs such as Telkom also uses company budget to provide free internet.

"Results of data and information collected show that all SOEs use part of their CSR and community development funds as well as company spending to provide social assistance in the form of goods and money, distributed through foundations or community groups," Daniel revealed.

Meanwhile, in economic recovery sector several state-owned banks (Himbara) and non-

banking financial SOEs are assigned to manage part of PEN program funds. These assignments include providing interest subsidies, placement of funds for loans, credit guarantees, and working capital loans, especially for the Micro, Small & Medium Enterprises (MSME) sector.

"Additionally, SOEs business activities also play a role in ensuring availability of public services during pandemic such as transportation, logistics, communication, and others," he told.

The purpose of audit on handling Covid-19 pandemic conducted by Audit VII aligns with BPK's seven audit objectives. These objectives are to test the values and mechanisms of budget allocation as well as budget placement for handling Covid-19 pandemic, the suitability of budget realization to budget plan, the accuracy of recipient, timing, amount, and the quality of benefits/facilities/assistance received from the budget.



Additionally, SOEs business activities also play a role in ensuring availability of public services during pandemic such as transportation, logistics, communication, and others.

Further, BPK also intends to examine the suitability of recording, reporting, and accountability for budget realization with assertions, the compliance of budget use with provisions on Covid-19 pandemic emergency, the compliance of procurements of goods and services with provisions on pandemic, and the management of Covid-19 countermeasures.

"These seven objectives are also carried out in auditing the management of CSR funds or community development programs, corporate spending, state budget funds, and public donations by SOEs in handling the Covid-19 pandemic," Daniel concluded. ●

Auditing DJP's Consistency with Taxpayers

In the audit proses and sampling, BPK focuses on the consistency of tax officers to taxpayers based on the existing regulations.



■ Laode Nusriadi

The Audit Board of the Republic of Indonesia (BPK) has the mandate to examine the management and accountability of state finance. BPK does not only safeguard the use of state money, but also state revenue, including tax revenue.

BPK Director General of Audit II Laode Nusriadi mentioned that basically the tax system adheres to self-assessment, where taxpayers (WP) calculate and report their own obligations. Based on this approach, the Directorate General of Tax (DJP) has data profiles on the extent to which individual or corporate taxpayers comply to applicable regulations.

"For each taxpayer, a profile is created, so DJP knows which taxpayer profiles are miscal-

culated or disobedient. BPK assesses the data created by DJP and looks at samples of analyses done by tax officers," explained Laode.

He elaborated that in the audit process and sampling, BPK focuses on the consistency of tax officers to taxpayers based on the existing regulations. Before conducting the audit, BPK will first determine the business sector to be examined, for example palm oil or coal business sector. This determination as audit sampling is based on several considerations, including emerging issues in society or analysis of increase or decrease in tax revenue in a certain business sector. After that, related Provincial Tax Offices, Tax Service Offices and taxpayers will be determined based on the tax analysis data previously conducted by the tax officers. Further, BPK will see whether the same treatments are given for the same cases in taxpayers across different tax service offices with regard to existing regulations. "In other words, BPK looks at how consistent tax officers treat the taxpayers, Laode continued.

"For instance, taxpayer A and B violate the same provision. BPK then assesses whether or not they receive the same treatments from tax officers. If they are treated differently, what is the reason. So we do not look at individuals, rather we look at the consistency done by tax officers in various analysis," he said.

Laode added, DJP has offices all over Indonesia, thus has the risk of inconsistency. "Let's

say tax service office in Jakarta and Surabaya have taxpayers who violate the same provision. So different taxpayers, different tax officers, but the same provision. Do the two offices treat the taxpayers similarly?" he asked.

The same goes with tax refund. BPK assesses the consistency in DJP's decisions to taxpayers, especially in refusing or approving tax refunds.

In its audit of the 2019 Central Government Financial Report (LKPP), BPK found 5 problems related to non-compliance with statutory provisions. Among these problems, DJP did not immediately process the payment of tax refunds after decrees on tax overpayment refund (SKPKPP) were issued worth IDR11.62 trillion, had not issued SKPKPP worth IDR72.86 billion and USD57.91 thousand, and was late in issuing SKPKPP worth IDR6.07 billion.

As of 31 December 2019 and 31 December 2018 (audited), DJP presented debt

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For each taxpayer, a profile is created, so DJP knows which taxpayer profiles are miscalculated or disobedient. BPK assesses the data created by DJP and looks at samples of analyses done by tax officers.

of income overpayment (UKPP) or debt of refund amounting to IDR28.14 trillion and IDR24.60 trillion respectively. For the 2019 obligations, DJP had not issued Disbursement of Refund Claim (SPMKP), so that as of 31 December 2019, debt of tax refund has not been paid to taxpayers and is still recorded as 2019 tax revenue. ●



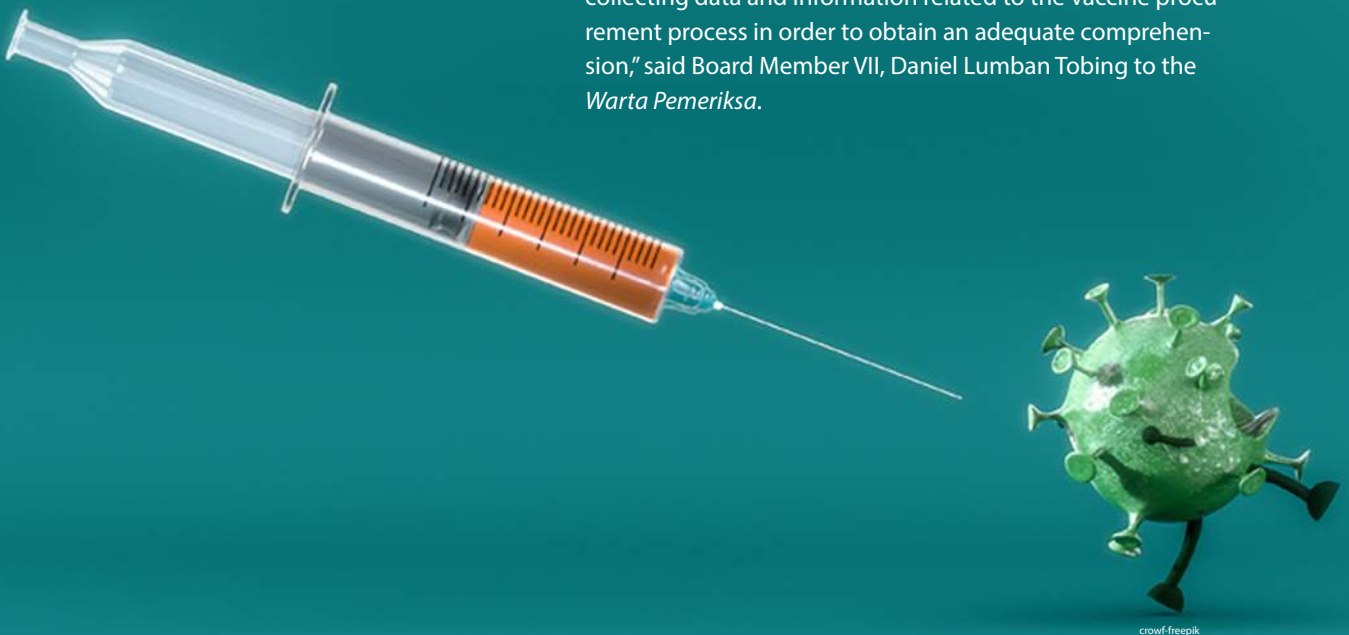
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Auditing Covid-19 Vaccine Procurement

The challenge faced is understanding the business process for vaccine procurement and its financing scheme.

The Audit Board of the Republic of Indonesia (BPK) through the Directorate General of Audit (AKN) VII will keep monitoring the development of Covid-19 vaccine procurement process conducted by PT Bio Farma (Persero). This state-owned company is prepared to provide a Covid-19 vaccine through two mechanisms, one is collaborating with Sinovac, and the other is through developing the vaccine independently. Currently, the vaccine procurement process in collaboration with Sinovac is in the clinical trial phase.

"AKN VII always abreast of the developments, as well as collecting data and information related to the vaccine procurement process in order to obtain an adequate comprehension," said Board Member VII, Daniel Lumban Tobing to the *Warta Pemriksa*.





■ BPK Board Member VII, Daniel Lumban Tobing

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However, every activity in the management and responsibility of state finances must certainly adhere to the principles of transparency and accountability.

Daniel admitted, currently BPK has not been able to conduct the audit of vaccine procurement because it still waits for the process to take place. Even so, based on statutory regulations, BPK can conduct audits of the management and responsibility of state finances, including SOEs. Daniel explained, in every audit, including the one BPK carries out on the vaccine procurement, the first challenge faced is understanding the procurement business process and its financing scheme. The auditor is required to understand the business process because it will be related to the relevant regulations that need to be complied.

“Will the procurement involve relations between countries or business relations between companies, as well as whether procurement financing will use State Budget funds or will only use the assigned SOE’s budget. The form of assignment and the distribution pattern of vaccines will certainly affect the business processes and related regulations which should be understood,” said Daniel.

In addition, BPK also needs to understand the quality of the vaccines from the procurement and the price fairness. This is considered quite challenging, because BPK understands, that procurement must be carried out in a pandemic and emergency situation.

“However, every activity in the manage-

ment and responsibility of state finances must certainly adhere to the principles of transparency and accountability,” said Daniel.

In accordance to audit standards, to face this challenge requires collective knowledge and experience of the auditor. Furthermore, it is also possible to involve external experts to help carry out a more in-depth and specific analysis.

In accordance with the law (UU) of the Audit of the State Finances Management and Accountability, BPK can carry out performance audits or specific purposes audits. Daniel conveyed, to see the effectiveness of the vaccine procurement, BPK can conduct performance audits. According to him, performance audits can involve other related agencies such as the Ministry of Health.

Furthermore, BPK can provide recommendations for improvements for the next process or activity.

For the SOE scope, BPK may carry out compliance audits to determine whether the procurement comply with regulations and to provide recommendations for significant audit findings.

“Through any type of audit, BPK should be able to provide added value and benefits for the management and responsibility of state finances to actualize the state goals,” said Daniel. ●

BPK will Contribute to the ASOSAI SDGs Working Group

BPK is becoming one of the candidates for the Chairmanship of ASOSAI 2024-2027 along with six other SAIs, namely India, Iran, Pakistan, the Philippines, Russia, and Turkey.



■ BPK Vice Chairman, Agus Joko Pramono

The Audit Board of the Republic of Indonesia (BPK) supports the plans of the Asian Organization of Supreme Audit Institutions (ASOSAI) to establish the Working Group on Sustainable Development Goals (ASOSAI WG SDGs). In fact, the BPK is ready to become a member of the working group for the Sustainable Development Goals.

This statement was conveyed by BPK Vice Chairman Agus Joko Pramono at the 55th ASOSAI Governing Board meeting which was held

virtually on July 27, 2020. In addition, BPK Board Member V, Bahrullah Akbar, also participated in the meeting.

The establishment of ASOSAI WG SDGs is one of the results of the agreement at the meeting which will be endorsed at the 15th ASOSAI Assembly in 2021. "BPK supports and wishes to be a member of ASOSAI WG SDGs. For the sake of the effectiveness of this WG, it is necessary to further consider the differences and division of the WG collaboration areas with the INTOSAI Working Group on SDGs and Key Sustainable Development



■ The 55th ASOSAI Governing Board Meeting.

Indicators (WG SDG KSDI)," Agus suggested. This advice was welcomed by the Chairman of SAI Kuwait as the coordinator for ASOSAI WG SDGs.

The meeting, which was attended by 12 Supreme Audit Institutions (SAIs) as the members of the ASOSAI Governing Board and two SAIs members of the ASOSAI Audit Committee, aimed to discuss strategic issues in ASOSAI. Discussions included financial reporting, capacity building activities, implementation of the 2016-2021 ASOSAI Strategic Plan, the 2022-2027 Strategic Plan, the ASOSAI Journal update plan, and cooperation with other regional organizations.

In the report on the collaboration between ASOSAI and INTOSAI Development Initiatives (IDI) delivered by the Deputy Director of IDI, Archana Shirsat, IDI expressed its appreciation to BPK for its contribution and active role so far. BPK contribution to IDI covers the role of Vice Chairman of BPK Agus Joko Pramono as a member of the IDI Board, being the subject matter expert / host, and a resource person in various IDI activities for ASOSAI.

Furthermore, IDI appreciated BPK for implementing a strategic partnership by having an MoU on BPK-IDI cooperation for capacity building in public sector audit and appointment of short term resource person to work with IDI.

Other important agenda items discussed were the postponement of the selection of the host of the 16th ASOSAI Assembly in 2024, the extension of the term of service of the Secretary General of ASOSAI by SAI China for the period 2021-2024, and the ASOSAI initiative to respond to the Covid-19 pandemic.

As previous plan, the voting to choose the host for the 16th ASOSAI Assembly in 2024, which marks the appointment as Chairman of ASOSAI for the 2024-2027 period will be held at the meeting. However, after considering the security risks and confidentiality of the electro-

nic voting process, members of the Governing Board agreed to postpone the election to the 56th ASOSAI Governing Board Meeting in Thailand in 2021.

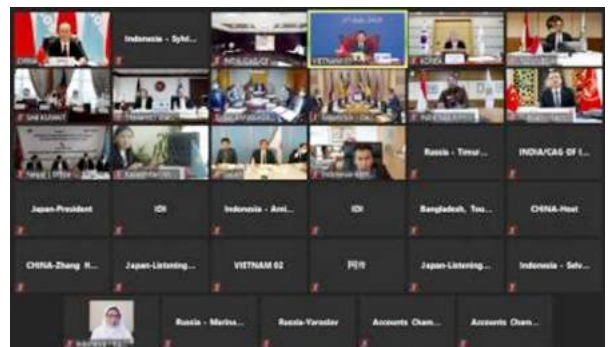
For information, BPK is becoming one of candidates for the Chairmanship of ASOSAI 2024-2027 along with six other SAIs, namely India, Iran, Pakistan, the Philippines, Russia, and Turkey.

The final discussion points discussed were a series of initiatives that will be adopted by ASOSAI in responding to the COVID-19 pandemic, including the idea of establishment of ASOSAI Working Group on Crises and Emergency Management by Korea.

There was also an input from the ASOSAI Secretariat to create a special column on the ASOSAI website for various articles related to research, as well as experiences and lessons learned from ASOSAI members in dealing with a pandemic. In addition, it was planned to hold a series of webinars in collaboration with ASOSAI Capacity Development Administrators.

Responding to this latest proposal, BPK Vice Chairman recalled the role of IDI and the Supervisory Committee on Emerging Issues (SCEI), which have previously issued various initiatives, related to the Covid-19 pandemic. This recall aimed to anticipate overlapping or repetitive between ASOSAI activities with the IDI and SCEI programs.

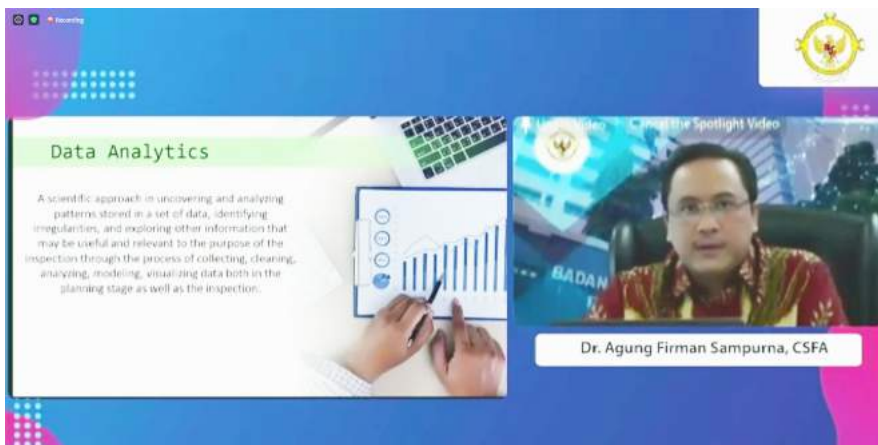
The 55th ASOSAI Governing Board Meeting was also attended by Secretary General of BPK Bahtiar Arif, Senior Advisor for Risk Management B. Dwita Pradana, Head of Public Relations and International Cooperation Bureau Selvia Vivi Devianti, Head of International Cooperation Division Kusuma Ayu Rusnasanti, and Head of the INTOSAI, ASOSAI, ASEANSI Subdivision and staff. By participating in this meeting, BPK can contribute in determining the direction of ASOSAI's future policies. ●



■ Zoom meeting ASOSAI Governing Board.

Chairman of the BPK Highlights the Financial Crimes

Advances in technology and digitalization must also be aligned with the increasing the skill and capacity of auditors.



Chairman of the Audit Board of the Republic of Indonesia (BPK), Agung Firman Sampurna, gave his speech during an international webinar with the theme of “Financial Crime, Fraud and Cyber Security” held by Sebelas Maret University (UNS) Surakarta on July 28, 2020. On that occasion, Agung explained about the development of information technology in investigations and forensic audits to improve fraud detection and prevention.

Agung said, over the past 20 years, financial crimes in the world banking, insurance, and capital market have increased, both in intensity, quantity, and quality. Most cases are revealed through the latest technology that was born in its era. Examples are the case of the Bank Bali collection rights (cessie) scandal and the case of Bank Indonesia Liquidity Assistance (Bantuan Likuiditas Bank Indonesia (BLBI)). With regard to BLBI, 48 banks received

liquidity assistance worth IDR144.53 trillion.

“These two scandals are the starting point for the disclosure of financial crimes in Indonesia. Moreover, the disclosure of financial crimes at Bank Bali involves technology that shows thousands of transactions in diagrammatic form,” said Agung. He added that a financial crime that also had a big impact was the flow of funds from the Indonesia Deposit Insurance Corporation (IDIC) to Century Bank.

Similar to the Century Bank case, financial crimes that have also caught the attention of the public are the Jiwasraya and Bumiputera cases. According to Agung, these cases were the first to occur in the world of insurance and capital markets in Indonesia.

“On the basis of the financial crime increase in the banking, insurance and capital market world, strengthening financial audit and forensic audit is very important,” said Agung.

Agung added that BPK, as a state audit institution, uses and takes advan-

tage of technological advances and digitalization to detect and prevent fraud. One of the steps taken is to form a digital forensic laboratory.

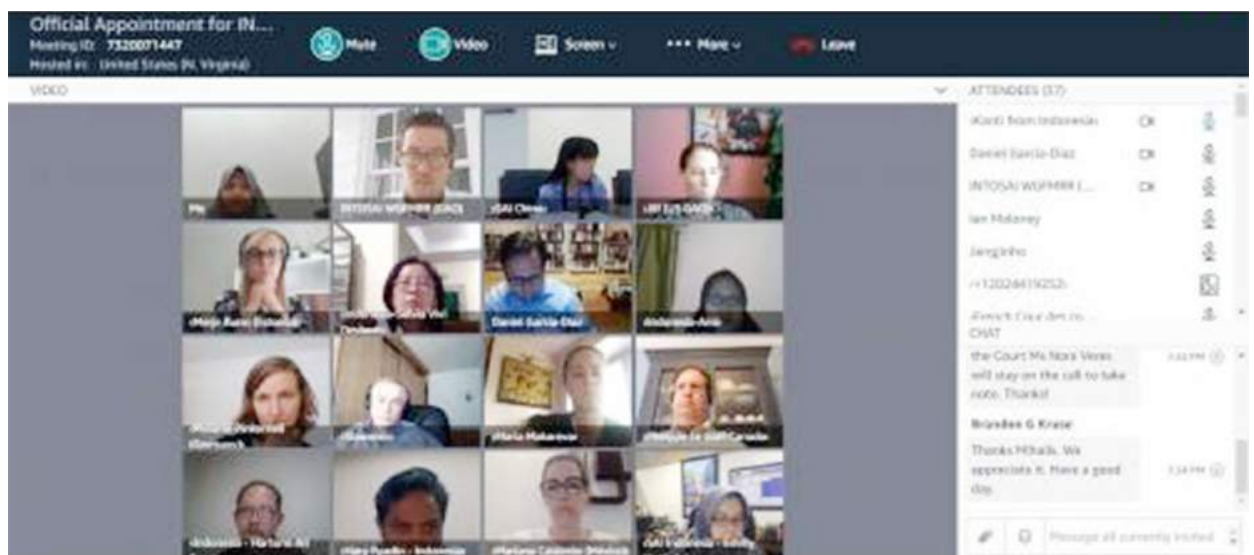
“Advances in technology and digitalization must also be balanced with an increase in the ability and capacity of auditors. This is important because there are significant shifts in the scope of financial audits, such as the emergence of digital and electronic evidence,” he said.

The webinar held by UNS Surakarta presents speakers from the world’s leading universities. The speakers include Prof. Stuart Madnick from Massachusetts Institute of Technology (MIT), United States; Prof. John Goodell from the University of Akron, USA; Prof. Marianne Junger from the University for Twente, Netherlands; Dr Baharom Abdul Hamid representative from INCIEIF, Malaysia; Dr Dominci Thomas-James from the University of Cambridge and Yale University; and Dr Taufiq Arifin from UNS, Indonesia.

UNS Rector, Prof. Jamal Wiwoho in his opening remarks said technology had a major impact in all fields, including in terms of financial services. Apart from having a positive impact, it turns out that financial digitalization also has negative impacts such as financial crime, fraud and cybersecurity. “That includes money laundering, which is made easier through technology,” he said.

Therefore, Sebelas Maret University took the big theme “Financial Crime, Fraud, and Cyber Security”. Thus, webinar participants can understand and prevent digital financial crimes. ●

BPK Proposes Topic of Fintech for Auditing in International Forum

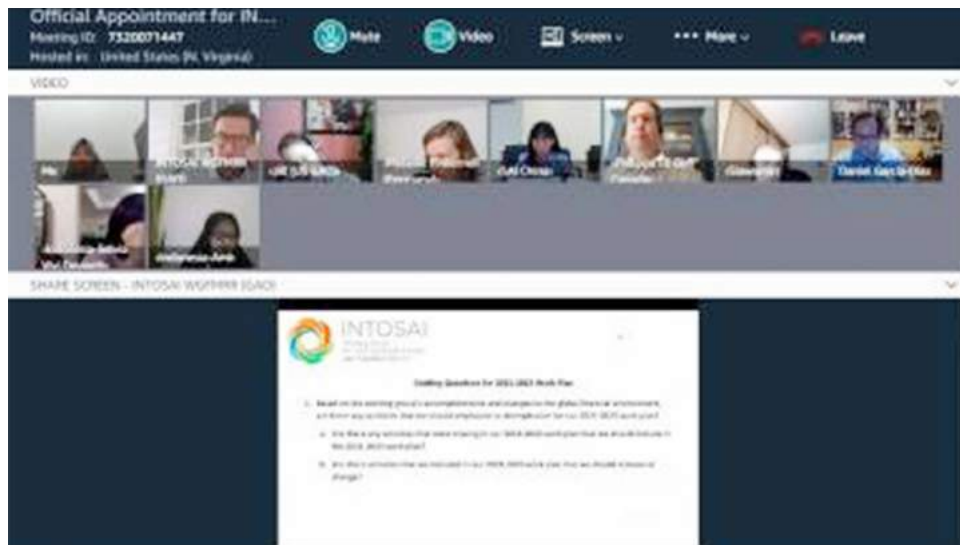


In addition to discussing work plans, the meeting also discussed SAI's efforts in conducting Covid-19 related audits.

The Audit Board of the Republic of Indonesia (BPK) attended the meeting of the International Organization of Supreme Audit Institutions (INTOSAI) Working Group on Financial Modernization and Regulatory Reform (WGFMR) held virtually on Wednesday (29/7). In this meeting, BPK encouraged Supreme Audit Institutions (SAIs) to share knowledge on auditing financial technology or fintech.

This proposal was conveyed by Director of Public Relations and International Cooperation, Selvia Vivi Devianti as one of the delegates from BPK. The other delegates were Director of Audit II.A Emmy Mutiarini, Deputy Director of Audit II.C.1 Hartono Ari Susetyo, Deputy Director of Audit II.B.2 Hary Ryadin, and team from International Cooperation Division.

The meeting was opened by SAI of USA as Chair and Secretariat of WGFMR and attended by 37 participants from 26 member SAI's.



One item of the main agenda of the meeting was to discuss WGFMR work plan for period 2021-2023. In this agenda item, Vivi suggested a sharing session on the topic of fintech to be quite relevant to the current situation with the pandemic. "SAI could share knowledge and learn from other SAIs on how to audit fintech," said Vivi.

Vivi also proposed the use of survey results on fintech previously done by WGFMR. She hoped that sharing sessions from SAIs with experience in auditing fintech could be scheduled in the future, as it could inspire other SAIs to start the audit of fintech.

Vivi's proposal received a positive response from SAI of Sweden. "The topic on fintech is very interesting. SAIs could also learn best practices from other SAIs with experience on fintech auditing," said a delegate from SAI of Sweden.

In addition to discussing work plans, this meeting also discussed SAIs' efforts in conducting Covid-19-related audits focusing on government's policies in modernization and amendments of financial regulations and central banks in accordance with the specialization of this working group.

On this topic, BPK Deputy Director of Audit II.C.1 Hartono Ari Susetyo presented the Government Regulation in lieu of Law (Perppu) No. 1/2020 concerning State Finance Policy and Financial System Stability

for the Handling of Coronavirus Disease 2020 (COVID-19) and/or in the Framework of Dealing with Threats Endangering National Economy and/or Financial System Stability.

In accordance to this Perppu, he told, BPK is currently analyzing government's policies as references to Covid-19 auditing in Indonesia.

Hartono also explained about a few policies from Bank of Indonesia as the central bank to maintain national financial stability during the Covid-19 pandemic. He mentioned how Bank of Indonesia issued triple intervention policy and decrease reserve requirement ratio for foreign exchange in commercial banks.

Meanwhile, SAI of Germany shared how the German central bank increases liquidity for start-ups and very low interest loans in accordance with government financial regulation to combat Covid-19, called the Stability Fund Act. INTOSAI, through the Policy, Finance and Administration Committee (PFAC), has initiated an activity related to Covid-19 called the INTOSAI PFAC Covid-19 Initiative, chaired by SAI of USA.

By actively participating in this working group, BPK can reap benefits and knowledge on audits of central bank and financial policies. Further, the working group can serve as a mean to introduce and externalize the role of BPK to the international community. ●

BPK and UN Discuss the Development of SDGs Achievement and Covid-19 Handling



■ Vice Chairman of the Audit Board of the Republic of Indonesia (BPK), Agus Joko Pramono

The UN supports the Voluntary National Review reporting considering that this report also contains information about developments and challenges faced by the government.

Vice Chairman of the Audit Board of the Republic of Indonesia (BPK), Agus Joko Pramono held a video conference with the United Nations Resident Coordinator (UNRC) Indonesia represented by its Coordinator, Niels Scott on Tuesday (4/8). The video conference aims to gain views on how the United Nations sees the current conditions in Indonesia and discuss issues related to Sustainable Development Goals (SDGs).

Further, through that video conference, BPK is expected to gain more comprehensive global understanding on the SDGs, to support the implementation of the SDGs audit at BPK, and can support the role of BPK as a member of the UN Independent Audit Advisory Committee (IAAC) that is responsible for providing input to the United Nations General Assembly in assisting and fulfilling supervisory responsibilities.

The Vice Chairman of BPK was accompanied by the Secretary General of BPK, Bahtiar Arif, Director General of BPK Training Institute, Hery Subowo, Senior Advisor on Risk

Management, B. Dwita Pradana, Head of the Public Relations and International Cooperation Bureau, Selvia Vivi Devianti, and staff of Public Relations and International Cooperation Bureau as well as representatives from the SDGs Team.

In the video conference, Vice Chairman of BPK conveyed a brief information regarding the implementation of SDGs by the Indonesian government and the role of BPK in providing assurance for the Voluntary National Review compiled by the Indonesian Government in 2017 and 2019. Furthermore, regarding the handling of Covid-19, Vice Chairman of BPK also acknowledged the contribution that has been made by the UN Office for the Coordination of Humanitarian Affairs (UN OCHA) by publishing the "Indonesia: Covid-19 Response Multi-Sectoral Response Plan Report". In addition to that, he also conveyed the role of WHO in supporting the Ministry of Health in its efforts to handle the Health Sector Operational Response Plan for Covid-19.

Niels Scott expressed his appreciation to BPK for the recognition of UN activities in Indonesia. Niels Scott stated that the United Nations has a five-year planning cycle framework with the Indonesian government.

The partnership is considered as a healthy partnership. This partnership emphasizes four priority strategies in collaboration, including Inclusive Human Development, Economic Transformation, Climate and Disaster Resilience, and Innovation to Accelerate The SDGs Achievement.

Regarding the Voluntary National Review, the UN is very supportive of this report, considering that this report also contains information about developments and challenges faced by the government. With this pandemic, it is expected that all parties can see what is really needed and how the SDGs are progressing, especially for its recovery.

With this video conference, it is expected that the information gained will provide broader insights for BPK in carrying out its role as a member of the IAAC committee through communicating about the synergy and collaboration between the United Nations and the Indonesian government so far, especially in dealing with the Covid-19 pandemic. ●

BPK Proposes to Perform Parallel Audit in the WGEI Steering Committee Meeting

Virtual meeting aims to replace the annual face-to-face meetings and training sessions, which was planned earlier.



The Audit Board of the Republic of Indonesia (BPK) participated in the Virtual Meeting of the INTOSAI Working Group on Extractive Industries (WGEI) Steering Committee for the first time as an observer. The activity was held on Tuesday (11/8).

The meeting, attended by members of the working group steering committee, invited BPK as a follow-up to the results of the previous meeting held on March 3, 2020. In this meeting, the WGEI Steering Committee decided to accept the involvement of BPK as the Steering Committee observer due to BPK's experience in leading the INTOSAI Working Group on Environmental Audit (WGEA). BPK would be invited to all activities of the WGEI Steering Committee in the future.

This meeting was attended by al-

most all members of the WGEI Steering Committees, namely Uganda (WGEI Chair), South Africa, the United States, Ecuador, Fiji, Ghana, India, Norway and Zambia. BPK, as the only observer for WGEI Steering Committee meeting, was represented by a team from Directorate General of Audit VII (AKN VII) that consisting of Deputy Director of Audit VII.A.3 Winarno, Auditor from AKN VII, Paulina Klara Fransiska Sinada and Rino Widhy Leksono, along with the team from Public Relations and International Cooperation Bureau.

The WGEI Steering Committee meeting discussed on the development of projects from the Work Plan of 2020-2022 and the challenges and obstacles faced, especially due to the Covid-19 pandemic. The Steering Committee members agreed on pending activities such as the annual Steering Committee meeting and training ses-

sions, are considered to have taken place virtually.

In this meeting, BPK delegation, represented by Winarno and Paulina Klara Fransiska, conveyed BPK's suggestions regarding the implementation of parallel audits related to extractive industry issues. With the current pandemic situation, parallel audit is considered to be a very suitable forum for virtual sharing of audit experience. With parallel audits, the audit team does not have to carry out the field audit together, but the team still prepare a virtual audit plan, time frame, and joint audit report. This proposal was supported by a majority of the members of the Steering Committee. As a follow-up, SAI Uganda as the WGEI Secretariat and SAI South Africa as the Program Chair, will coordinate with BPK in preparing further plans.

By playing an active role in WGEI, BPK may take advantage of and benefit from information related to audits of extractive industries performed by other SAIs. In addition, this WGEI may be a platform for introduction and externalization of the role of BPK, especially in the extractive sector, to the international community.

Earlier this year, BPK has also shown its commitment to collaborating in performing audits in the extractive industry by sending two auditors as trainers to the training activities of INTOSAI WGEI. ●

In line with ISSAI 12, BPK Developing Long Form Audit Report (LFAR)

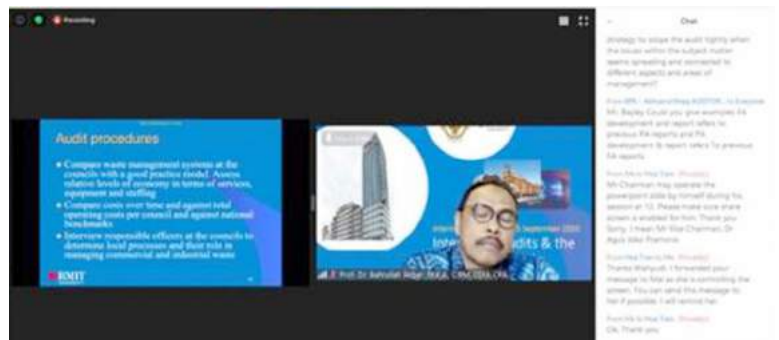
ISSAI 12 encourages all Supreme Audit Institutions (SAIs) not only to assure the accountability and transparency, but also provide added value and benefits to public.

BPK is currently developing an audit of financial statement, integrating and considering certain aspects of performance achieved by the government in a certain period. BPK Board Member V Bahrullah Akbar explained that the LFAR audit will provide added value to stakeholders and users of the audit reports. The implementation of LFAR by BPK is in line with the International Standards of Supreme Audit Institutions (ISSAI) 12. ISSAI 12 encourages all SAIs not only to assure the accountability and transparency, but also provide added value and benefits to public.

In addition, LFAR aims to encourage the government not only to pursue an Unqualified Opinion (WTP) for the fairness of presentation and adequacy of financial statement disclosure, but also to manage existing resources as much as possible to implement development programs that have an impact on people's welfare.

This was conveyed by Bahrullah when he became the keynote speaker at an international seminar with the theme "Integrated Audit and the Role of Big Data in Performance Audit" which was held virtually, on Tuesday (15/9). The seminar was organized by BPK in collaboration with the Royal Melbourne Institute of Technology (RMIT) University of Australia.

"We hope that this method will help guide the government towards achieving the objectives of the state as set out in the Preamble to the Constitution of 1945. This is also in line with BPK's



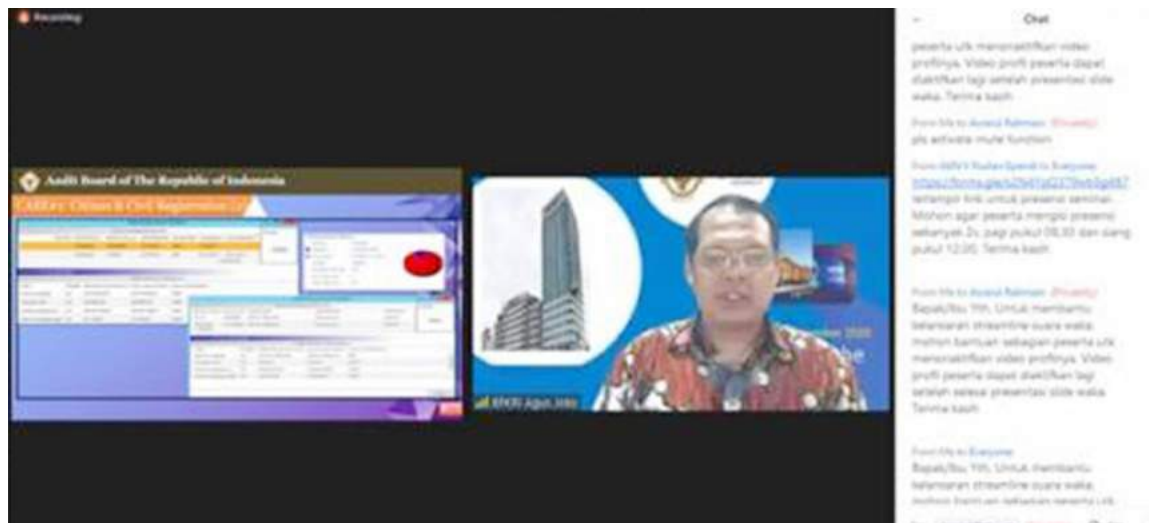
■ BPK Board Member V, Bahrullah Akbar



This is also in line with BPK's Strategic Plan, which aims to promote the management of state finances to achieve the objectives of the state through quality and useful audits.

Strategic Plan, which aims to promote the management of state finances to achieve the objectives of the state through quality and useful audits," said Bahrullah.

In addition to Bahrullah Akbar, this seminar also invited BPK Vice Chairman, Agus Joko Pramono as well as the Performance Auditing Expert and Fellow of the Australian Evaluation Society of RMIT University Australia Scott Bayley as the speaker, and moderated by the Project Manager of RMIT University Australia Mal Tennekoon. The seminar was attended by 94 participants, both



■ Vice Chairman of the Audit Board of the Republic of Indonesia (BPK), Agus Joko Pramono

from BPK representative offices and BPK head office.

Bahrullah Akbar added that BPK has compiled LFAR guidelines on the basis of existing provisions and best practices. Furthermore, the task force prepares a LFAR pilot project starting from the planning, implementation, to reporting stages.

In the first semester of 2020, there are five BPK representative offices in the provinces of Aceh, Lampung, Banten, DKI Jakarta and East Java under the Directorate General of Audit V, which completed the LFAR pilot project for the Regional Government Financial Report 2019. This pilot project was implemented based on the effective allocation of auditors to assess the achievement of the main programs/activities of local governments in the areas of public services, infrastructure, and management of special autonomy funds

In his presentation, Scott Bayley, Performance Auditing Specialist and Fellow of the Australian Assessment Society at RMIT University Australia, explained the performance audit approach in terms of limited time and resources. SAIs, he said, should carry out environmental studies during the year to identify possible performance audit topics.

According to him, every year SAI would receive several requests for audit, both from Members of Parliament and from the public, in particular with regard to acts taken by public sector entities or the management of public resources.

"In Australia, our audits are carried out in an impartial and ethical way, in absolute confidentiality and in compliance with the standards of our auditing profession. Most notably, all information obtained through special enquiries, expressions of

concern and public interest disclosures is used to help us recognize potential screening concerns," said Scott Bayley.

He added that, in order to maintain the independence of auditors, Australia has a mechanism to ensure that audit decisions are made by considering the benefits of the audit.

Scott Bayley's presentation was followed by presentation from the Vice Chairman of BPK Agus Joko Pramono on "The Role of Big Data in Government Audit". On this occasion, the Vice Chairman explained about the use of big data in auditing. Some examples of audits that use big data are performance audits in civil registration administration. The purpose of this audit is to determine the efficacy of civil record management and to evaluate the use of data in the evaluation of data quality, accuracy and reliability.

Another use of the big data that can be implemented in the audit is for the particular purpose of the E-Catalog in the procurement of government goods and services. The aim of this audit is to assess the compliance of government entities with this E-Catalog system.

Data in the E-Catalog system can be used to evaluate government procurement policies for goods and services and their implementation in making agreements between the Government Procurement Policy Agency and providers.

In addition, the use of big data is used in the performance audit on government programs in handling the current Covid-19 pandemic. This audit was carried out to assess effectiveness, transparency, accountability and compliance in the Covid-19 pandemic handling program. ●

BPK Vice Chairman Shared Experience on SDGs Audit



BPK has shared experiences in SDGs audit in various international meetings and forums.



Vice Chairman of the Audit Board of the Republic of Indonesia (BPK) Agus Joko Pramono presented BPK's experience in conducting audit on the Sustainable Development Goals (SDGs), both at the the preparedness and implementation stages.

This was done in his capacity as a panelist in the "Joint Webinar on Strengthening SAI Audits of SDGs Implementation" organized by ASEANSAI in collaboration with the INTOSAI Development Initiative (IDI) on Wednesday (9/9).

This was not the first time for BPK to share its experiences in SDGs audit.

Previous meetings and forums include United Nations High-Level Political Forum (UN HLPF), United Nations the Economic and Social Commission for Asia and the Pacific (UN ESCAP), and other INTOSAI events.

On this occasion, BPK Vice Chairman conveyed plans to increase the capacity of BPK for the SDGs implementation audit. These capacity building plans would include, among others, participating in the IDI-ASOSAI Cooperative Audit on 3D, increasing international cooperation by actively participating in various international communities related to SDGs, and organizing trainings on SDGs for internal BPK and other SAIs.

"We hope these efforts can strengthen BPK in conducting audit on SDGs implementation so that the audit process can run smoothly and give a constructive impact to the Government of Indonesia. These efforts will hopefully also open up opportunities for BPK to further contribute to the international community as a SAI reference conducting SDGs audits," Vice Chairman said.

The webinar was officially opened by the Deputy Auditor General of Malaysia Khalid Khan Abdullah Khan as Chair of ASEANSAI Knowledge Sharing Committee (KSC). In his remarks, he said that this webinar was the first virtual collaboration between IDI and ASEANSAI. Meanwhile, Deputy Director General of IDI Archana Shirsat in her speech emphasized the importance of further collaborations between the two organizations such as Cooperative Audit on Financial Audit and ISSAI Needs Assessment Program on Financial Audit.

The webinar attended by more than 140 participants from ASEANSAI members aims to increase awareness of ASEANSAI on the IDI SDGs Audit Model (ISAM). Additionally, it is also a forum for SAIs to share experience and knowledge in conducting SDGs audit. ●



BPK Elected as Chair of the ASEANSATask Force on Legal Capacity

The Secretary General of BPK presented the TOR of the task force formation and obtained approval from the executive committee.

The Audit Board of the Republic of Indonesia (BPK) participated in the Virtual ASEANSATask Executive Committee Meeting to discuss the terms of reference (TOR) for the Task Force on ASEANSATask Legal Capacity (TFALC) formation. This task force will serve to assess the need for legal capacity at ASEANSATask.

During the meeting held on Tuesday (8/9), Bahtiar Arif who was appointed by acclamation as the Chair of Task Force presented the draft outline of study related to ASEANSATask legal capacity. He stated that the Task Force will study the practice of legal capacity in other regional SAI associations such as ASOSAI, EUROSATask, AFROSATask, ARABOSATask et cetera and will refer to practices in ASEAN and other associated entities.

The Task Force will also conduct consultations with the foreign ministry to ask for input regarding their views on legal capacity for ASEANSATask. Studies related to legal capacity are expected to be completed in June 2021 and subsequently for approval at the 6th ASEANSATask Summit in November 2021 in Myanmar.

This meeting is a follow-up to the previous mee-

ting, the 5th ASEANSATask Summit in Kuala Lumpur on November 2019. Legal capacity is a hot issue at the Association of South East Asian Supreme Audit Institutions (ASEANSATask), considering that there are related discussions on the importance of legal capacity for ASEANSATask when collaborating with donors or other parties.

Attended at this meeting were Auditor General of Malaysia as Chair of ASEANSATask Datuk Nik Azman Nik Abdul Majid, Auditor General of Myanmar as Vice Chair of ASEANSATask Maw Than, and Secretary General of BPK as Head of the ASEANSATask Secretariat, Bahtiar Arif. During the meeting, Bahtiar Arif presented the TOR of the task force formation and obtained approval from the executive committee.

During the afternoon session, the first TFALC meeting was held and was attended by the Executive Committee (SAI Malaysia and Myanmar), the Committee Chairs (SAI Philippines, Singapore and Viet Nam) and the Secretariat (SAI Indonesia).

Led by the Auditor General of Malaysia as Chair of the ASEANSATask, the task force meeting agreed by acclamation to appoint BPK as Chair of the Task Force. Also attended at the meeting with Secretary General of BPK as the Head of the ASEANSATask Secretariat, Director General of Legal Affairs (Ditama Binbangkum), Blucer W Rajagukguk, Director of Public Relations and International Cooperation, Selvia Vivi Devianti, Deputy Director of Legal Development Sarmauli Marpaung, Deputy Director of International Cooperation Kusuma Ayu Rusnasanti, and the ASEANSATask Secretariat Team. ●

BPK Shares its Experience in Managing WGEA

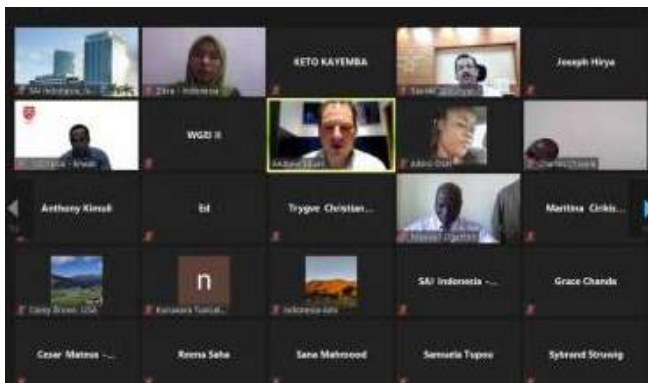


BPK's presentation was appreciated by the meeting participants, especially the WGEI Secretariat who gained valuable lessons in managing working group.

Following BPK's participation at the virtual meeting of INTOSAI Working Group on Extractive Industries (WGEI) Steering Committee as an observer on 11 August 2020, the Audit Board of the Republic of Indonesia (BPK) was again invited to participate in the annual WGEI Steering Committee meeting on Thursday (17/9). The annual conference, normally held face-to-face, this year was held virtually due to the Covid-19 pandemic.

At this meeting, BPK delegation was repre-

sented by Senior Advisor for Environment and Sustainable Development Edward GH Simanjuntak, Head of the Directorate of Audit Evaluation and Reporting Juska Meidy Enyke Sjam, Deputy Director of Audit IV.B.1 Erwansyah Fuad, Deputy Director of Audit VII.A.3 Winarno, and a team from the Bureau of Public Relations and International Cooperation. At this meeting, Edward GH Simanjuntak and Juska Meidy Enyke Sjam gave a presentation on BPK's experience in chairing and managing the INTOSAI Working Group on Environmental Audit (WGEA) from 2014 - 2019.



BPK's presentation was appreciated by the meeting delegates, especially WGEI Secretariat who gained valuable lessons in managing a working group. BPK also shared various publication of working group's products that need to be made attractively and the use of social media to share working group's activities as well to promote products of working group.

This meeting also invited speakers from Natural Resource Governance Institute, Andrew Bauer, who discussed the risks faced by extractive industry sector during the Covid-19 period, as well as representative from AFROSAI-E, Edmond Shoko, who presented the results of research on "SAI Resilience In Addressing The Auditor Expectation Gap During Disaster Periods: The Case Of Sub-Saharan Africa SAIs During The Covid19 Pandemic".

The active participation of BPK in WGEI is expected will enrich and provide broader insight to BPK's auditors on how other SAI perform audit on extractive industries. On the other side, WGEI also serves as one of forum

for BPK to promote and externalize BPK's role and experience, especially in the extractive sector, to the international community.

This meeting was attended by all members of WGEI Steering Committee, which are Uganda (WGEI Chair), South Africa, the United States, Ecuador, Fiji, Ghana, India, Iraq, Norway and Zambia. BPK participated as the only observer for WGEI Steering Committee, while AFROSAI-E participated as the observer of WGEI.

The meeting was officially opened by the Assistant Auditor General of Uganda, Keto Nyapendi Kayemba, representing the Chairman of WGEI and the Auditor General of Uganda, John F. S. Muwanga, who was unable to attend. Kayemba explained that this conference was the sixth annual meeting of the WGEI, which was initially expected to take place in Ecuador, but was finally held virtually due to the COVID-19 pandemic. Therefore, on behalf of the President of WGEI, Kayemba expressed his gratitude to all the meeting delegates who had made a commitment to attend, facing time constraints for a number of countries.

Kayemba also recalled that the aim of this meeting was to discuss the progress of projects under the 2020-2022 Work Plan, the results of which will be submitted to the INTOSAI Information Sharing Committee meeting on 21 September 2020. He hopes that the outcomes of this meeting will bring benefits to all SAIs, as the INTOSAI slogan is "mutual knowledge benefits all." In addition, Kayemba also officially welcomed BPK who was accepted as the Observer of WGEI Steering Committee. ●



BPK and ANAO Discuss the Impact of Covid-19 to State Financial Audit Done by Public Accounting Firms

In Australia, a financial regulator reviews documents of audit results done by in-house teams and teams from public accounting firms.



The Audit Board of the Republic of Indonesia (BPK) and the Australian National Audit Office (ANAO) held a discussion on 14 May 2020 regarding the impact of Covid-19 on state financial audits done by auditors of Public Accounting Firms. During this discussion, BPK Director of Audit Evaluation and Reporting Juska Meidy stated that Covid-19 pandemic brings quite a challenging issue, especially related to audits carried out by the appointed auditors of public accounting firms. Therefore, Juska asked ANAO for inputs on various risks and their mitigation. "In BPK's model of using auditors of public accounting firms, they are a part of the audit team as team leader or below. Supervisory positions and above are still held by BPK auditors," Juska said in Jakarta during the discussion.

Moderating the discussion, ANAO Senior

Advisor for BPK Kristian Gage stated that ANAO has 2 schemes for using public accounting firms. The first scheme is "contracting in" or the current scheme used in BPK, which means that ANAO recruits accountants as part of the audit team. The second is "contracting out" in which the entire audit team is contracted to public accounting firms. During audit peak season, ANAO usually uses accountants/public accounting firms in these two schemes.

As a discussion panelist, ANAO Group Executive Director – Professional Services and Relationships Group Jane Meade explained that her institution has a quality framework which follows ASQC 1 Quality Control provided for the public accounting firm carrying out the audit. This framework aims to ensure the quality of audit done by public accounting firms during the period of working from home. This is similar to what has been implemented in BPK.

Based on this framework, after completing the audit, sampling for QA review is carried out by both ANAO's in-house team and team from public accounting firm. "The QA level performed is the same for the two teams. Additionally, ANAO also conducts hot review," said Jane. So far, this hot review has only been done for ANAO's in-house team. In the future, it may also be carried out for audit results done by public accounting firms.

In Australia, a financial regulator reviews documents of audit results done by in-house teams and teams from public accounting firms.

In the contract with public accounting firms, there is a clause on their willingness to be reviewed by ANAO as well as by financial regulator. In normal condition, ANAO policy requires all audit works to be reviewed by officers of a more senior level. However, in the current remote work environment, reviews face a number of challenges. Thus, the risks of inadequate reviews and supervisions will likely increase.

During the discussion, Juska stated that in BPK, auditors of public accounting firms do not participate in interim audit and only join the field audit. With the ongoing Covid-19 pandemic, audit teams cannot go directly to auditees, thus only analyze documents. In addition, these auditors often do not have an adequate understanding of the entity, thus, their audit risk is high, and coupled with other challenges such as not residing in the same city as the core team and auditee. As a result, hardcopy documents must be mailed, thus, creating the risk of losing the documents.

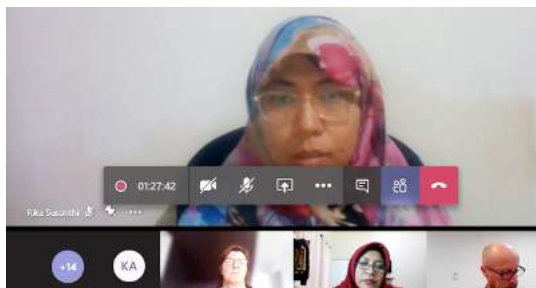
Responding to BPK's question regarding audited entities not being able to meet the deadline for submitting financial statements due to the pandemic which in turn delaying the audit, ANAO Group Executive Director – Assurance Audit Ser-

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In BPK's model of using auditors of public accounting firms, they are a part of the audit team as team leader or below. Supervisory positions and above are still held by BPK auditors.



■ Juska Meidy



■ Rika Susanthi

vices Group Carla Jago replied that while it is a reputational risk, it is important to consider whether financial statements will still be relevant and useful if published at a later time. Postponing an audit also poses challenges related to the quality of audit evidence as it can increase fraud risk due to lack of control over the immediacy of financial statement.

Regarding mandate, it is also necessary to consider the possibility of auditees making other reasons to delay submission of financial statements in the future, should they be given concessions now.

In addition to Kristian Gage, Jane Meade and Carla Jago, the discussion was also participated by other ANAO officials from Professional Services and Relationship Group such as Program Manager Angela Philips, and Program Coordinator Rebecca Van Dartel.

From BPK's side, in addition to Juska Meidy, virtual discussion using Microsoft Teams platform was also attended by Deputy Director of Financial Audit Evaluation and Reporting Endah Suwarni, Deputy Director of International Cooperation Kusuma Ayu Rusnasanti, Head of Section Rika Susanthi, Head of Section Machmudah, Head of Bilateral Cooperation Subdivision Tyas Dibyantari, and staffs from the Audit Evaluation and Reporting Department as well as the Public Relations and International Relations Department. ●

BPK Encourages Ministries/ Agencies and Local Governments to Publish Financial Statements

BPK gave Unqualified Opinion to 2019 Financial Report of Central Government.

The Audit Board of the Republic of Indonesia (BPK) held a Media Workshop to review the Audit Results of the 2019 Financial Report of Central Government (LKPP) at the BPK Auditorium, Tuesday (21/7). The workshop was opened by BPK Chairman Agung Firman Sampurna. In his remarks, Agung stated that BPK has conveyed the Audit Results of the 2019 LKPP consisting of 87 Financial Reports of Line Ministries (LKKL) and 1 Financial Report of the State General Treasurer (LKBUN). In addition, BPK has also audited the financial reports of the Financial Services Authority (OJK), Bank of Indonesia, and the Indonesian Deposit Insurance Corporation (LPS), as well as 542 local governments.

Also attending the event were BPK Vice Chairman Agus Joko Pramono, Board Member I Hendra Susanto, Board Member V Bahrullah Akbar, and other senior-level management in BPK.

During the Media Workshop, Agung also announced the obligation for all entities to publish the 2019 financial statements (audited) in printed national mass media. Agung said that the State Budget (APBN) is implemented openly and responsibly for the greatest prosperity for the people. In order to fulfill openness and accountability, in addition to being regularly audited by BPK, governments' financial statements also need to be published for all the taxpayers to know.

Agung added that publication for this year is directed at state/local financial management entities obtaining Unqualified Opinions (WTP). In the future, all governments' financial statements are expected to be published, regardless of the audit opinions obtained.

"This year, this is required for entities receiving Unqualified Opinions. Next year, all entities must publish to the public, no matter what the audit opinions are," he explained.



According to Agung, published reports and information include entities' 2019 financial statements audited by BPK, except for the notes to the financial statement, management statements on the application of internal control system and suitability of financial statements to the Government Accounting Standards (SAP), and BPK's opinion on financial statements (audited).

Publication of 2019 audited LKKL, LKBUN, or LKPD with Unqualified audit opinion is to be done in a national/local mass media. Further, the publication of these reports are to be scheduled to avoid all being published on the same day, and to be informed to BPK.

BPK gave Unqualified Opinion to 2019 LKPP. In the submission of LKPP audit reports to the government, President Joko Widodo (Jokowi) asked his ministers and head of agencies to use BPK's audit results as parameters for improvement, reform, and change in managing state budget.

President also appreciated the performance of his ministers and head of agencies for maintaining Unqualified Opinion from BPK for 4 consecutive years since 2016. Moreover, total number of entities receiving Unqualified Opinion also increased: from 82 in 2018 to 85 entities in 2019.

Further, Jokowi requested ministries and agencies receiving Unqualified opinion to maintain their performance, while to those receiving Qualified opinion to immediately make improvements, breakthroughs, and take significant changes. ●

BPK Strengthens Partnerships with Law Enforcement Agencies

The previous MoUs were only related to law enforcement on BPK's audit results indicating corruption, while the new MoUs extend the areas of collaboration incorporating institutional strengthening and cooperation in strengthening human resources.

The Audit Board of the Republic of Indonesia (BPK) strengthens partnership with the Indonesian National Police (Polri) and the Attorney General's Office (AGO). This was enunciated in the Memorandum of Understanding (MoU) which not only contains law enforcement-related activi-

ties, but also institutional and human resources cooperation.

The MoU was signed by BPK Chairman Agung Firman Sampurna with National Police Chief General Idham Azis and Attorney General ST Burhanuddin at BPK Head Office, Jakarta, August 11, 2020. "We hope this new MoU between BPK-AGO and BPK-Polri is a new step



”

We hope this new MoU between BPK-AGO and BPK-Polri is a new step to further strengthen coordination and synergy among agencies.



■ Signing of Memorandum of Understanding between The Audit Board of the Republic of Indonesia and the Indonesian National Police.

to further strengthen coordination and synergy among agencies,” Agung remarked.

Agung further explained, the MoU with AGO is a renewal of two previous MoUs: (i) on the Follow-Up on BPK’s Audit Results containing Allegations of Illegal Conducts signed on July 25, 2007; and (ii) on the development and management of information systems for data access or e-audit signed in 2011.

Similarly, the MoU with Polri is also a renewal of two previous MoUs: (i) on the Follow-Up on BPK’s Audit Results containing Allegations of Illegal Conducts signed on November 21, 2008; and (ii) on e-audit signed in 2011.

In addition to the AGO and Polri, BPK has also renewed MoUs with another law enforcement agency: the Corruption Eradication Commission (KPK) on January 7, 2020.

Agung elaborated, the previous MoUs with AGO and Polri only covered legal process following BPK’s audit results which contain allegations of

illegal conducts. While the new MoUs contain a broader scope to include institutional strengthening and cooperation in strengthening human resources between BPK-AGO and BPK-Polri.

Expansion of scope was also carried out in the MoU between BPK and KPK. The new MoU covers validity

period, coordination patterns and monitoring of MoU implementation, thus providing a clearer and more measurable indicator to assess performance from each side. The signing of MoU was also physically attended by Vice Chairman Agus Joko Pramono, Board Member I Hendra Susanto, Board Member V Bahrullah Akbar, Board Member VII Daniel Lumban Tobing, Chairman of KPK Firli Bahuri, Chairman of National Government Internal Auditor (BPKP) Muhammad Yusuf Ateh, and BPK top management.

In addition to those physically attending, the ceremony was also virtually viewed by the rest of BPK Board Members, top management and officials in BPK, AGO, and Polri, Junior Attorney Generals (JAM), Heads of Provincial Prosecutor’s Offices (Kajati) and Regional Police Chiefs (Kapolda) from all over the country, as well as representatives from District Prosecutor’s Offices (Kejari) and Police Precincts from 34 provinces. ●



■ Signing of Memorandum of Understanding between The Audit Board of the Republic of Indonesia and the Attorney General’s Office.

Bahrullah Akbar Officially Opens the Orientation Event of Indonesian Red Cross

This orientation aims to provide provision and understanding of the Red Cross organization as well as to increase participants' knowledge on Red Cross areas.

Board Member V of The Audit Board of the Republic of Indonesia (BPK), Bahrullah Akbar, who also serves as the Chairman of Honorary Board of Indonesian Red Cross (Palang Merah Indonesia/PMI) for DKI Jakarta Province period of 2020-2025, officially opened the Orientation of Red Cross in Wednesday (19/8). This orientation event aims to provide provision and understanding of the Red Cross organization as well as to increase participants' knowledge in Red Cross areas. The activity, held at the PMI DKI Jakarta Building Hall, Central Jakarta, was attended by the ranks of the Honor Council and Provincial Management of PMI DKI Jakarta for 2020-2025 period. The Chairman of PMI DKI Jakarta, Rustam Effendi, also delivered a speech at this event. Seven participants from Honorary Council and 17 participants from DKI Jakarta Provincial Management attended this event.

Red cross orientation is an activity that must be carried out after a management has been developed. This orientation event aims to provide provision and understanding of the Red Cross organization as well as to increase participants' knowledge in Red Cross areas. This management has just been established after the 12th Provincial Conference (Musprov) of 2020 held on July 15, 2020. In Musprov, the



■ Inauguration of Honorary Board and Management of Indonesian Red Cross (Palang Merah Indonesia/PMI) for DKI Jakarta Province period of 2020-2025.



■ Inauguration of Bahrullah Akbar as Chairman of the Honorary Board of Indonesian Red Cross (PMI) for DKI Jakarta Province.

DKI Jakarta Provincial Management for period of 2020-2025 was elected and chaired by Rustam Effendi.

The Chairman of PMI DKI Jakarta, Rustam Effendi was inaugurated by Chairman of PMI Pusat Jusuf Kalla and Governor of DKI Jakarta Province Anies Rasyid Baswedan on August 5, 2020 at DKI Jakarta City Hall. On this occasion, the PMI DKI Jakarta Province Honorary Council was also inaugurated for the period of 2020-2025 which are Bahrullah Akbar as the Chairman and members consisting of Inspector General of Pol (Purn) Drs Ketut Untung Yoga, Hamdra Samal, Mohammad Feriadi, Andreas Sofandi, Wildan S Niam, and Handaka Santosa.

Bahrullah Akbar is not a new person in the red cross area. He previously received the PMI award for donating his blood 50 times. ●

Budget Absorption Challenge

BPK is currently in the preparation stage of auditing the state financial management and responsibility in handling the Covid-19 pandemic. The audit strategy to be applied is a risk-based comprehensive audit.



and suggestions for improvement to make the management of state finances in handling Covid-19 carried out in a transparent, accountable, effective manner, and complies with the regulations in emergency situations,” said Agus.

On that occasion, Agus said, in handling Covid-19, the government allocated a large and cross-sectoral budget. From the original Rp405.1 trillion (Presidential Decree Number 54 of 2020) to Rp695.2 trillion (Presidential Decree Number 72 of 2020). This budget does not include funds for handling Covid-19 by local governments, state / regional-owned enterprises, and other entities with separated state assets.

Agus added, BPK is currently in the preparation stage of auditing the state financial management and responsibility in handling the Covid-19 pandemic. The audit strategy to be implemented is a risk-based comprehensive audit.

Another speakers presented in this webinar were Arief Budimanta, Special Staff to the President for the Economy, and Dianwicakasih Ariefiara, Dean of the Faculty of Economics and Business UPN Veteran Jakarta. The webinar which was attended by students of the Department of Economics, Faculty of Economics and Business UPN Veteran Jakarta and BPK auditors, was opened by the Rector of UPN Veteran Jakarta, Erna Hernawati.

In her remarks, the Rector of UPN Veteran Jakarta hopes that the webinar with the theme “Challenges and Policies to Encourage Increased Budget Absorption in the Pandemic Era” can be useful and provide an understanding of the audit strategy carried out by BPK and the government’s steps in economic recovery during the Covid-19 pandemic. ●

” **A** prompt budget absorption and realization is important during times of crisis. However, this is not the only measure used for indicator of government’s success in dealing with a pandemic. This was conveyed by Vice Chairman of the Audit Board of the Republic of Indonesia (BPK) Agus Joko Pramono when he became the resource person in a webinar organized by the Universitas Pembangunan Nasional (UPN) Jakarta on Thursday (27/8).

Agus Joko Pramono said that in addition to the prompt absorption and realization, the budget for handling the pandemic and National Economic Recovery (PEN) must also be effective (address the target, on time, and appropriate in term of quantity and quality) and accountable. He said that the role of BPK is to ensure that budget implementation is effective, transparent, and complied with regulations.

“BPK with its oversight role, insight, and foresight has a role in providing assurance

BPK is currently in the preparation stage of auditing the state financial management and responsibility in handling the Covid-19 pandemic.

Preventing Free Rider Problem in Handling Pandemic



The government's response due to the Covid-19 pandemic will impact many things.

The Audit Board of the Republic of Indonesia (BPK) held a kick off meeting with the government regarding the audit of the management and responsibility of state finances in handling the Covid-19 pandemic. BPK said that the current economic and health crisis is prone to be ridden by irresponsible parties. Chairman of BPK, Agung Firman Sampurna said, empirical evidence shows that crisis is an easy target for certain individuals to commit fraud.

“By taking advantage of the emergency situation (Covid-19), exploiting loopholes in regulations, and abuse of power,” said Agung in his remarks at the State Palace, Tuesday (8/9).

BPK will also perform a comprehensive audit of Covid-19 pandemic handling by the government. One of the potential problems highlighted is the risk of fraud in the delivery of social safety nets or social assistance. Although it is an emergency and has a quite clear objective, which to help communities whose economies are affected, BPK sees that its management has the potential to create problems.

“Problems that arise, range from data unreliability; lack of transparency of local government apparatus assigned to collect data and distribution; to the various social assistance carried out by different ministries/agencies with more less the same goals,” said Agung.

According to him, the various types of social assistance distributed by the government have the potential to create overlaps in their implementation. Either related to the beneficiaries or the parties in charge of distributing the assistance. “Health care and social safety nets are the crucial stages needed to survive and recover. Therefore, it must be managed carefully yet still proactive,” said Agung.

In the next entry meeting, Agung said that the government’s program in handling the Covid-19 pandemic, which integrates the handling of health, social, economic, and financial problems, is a test for the resilience and reliability of current national governance. The government’s response due to the Covid-19 pandemic will have an impact on many things including on public expenditure and services for the next few years.



Agung emphasized that Indonesia is not ready to face the Covid-19 pandemic as well as other countries in the world. The problems faced are so fast, massive and complex that it is impossible to deal with them sporadically, by sector, or separately.

He considered that a unity of steps is needed to deal with this emergency situation, thus, not only unifying the steps but we also unify the hearts and minds. We need to build trust and togetherness so that we can collaborate and work together.

"We hope that in such a stressful situation like these days, this entry meeting is expected to be a starting point to work hand in hand in accordance with its respective duties and authorities, and of course, support and strengthen each other, through good, transparent, and accountable governance so that Indonesia can survive, recover, and rise," he said.

President Joko Widodo fully supports BPK's step to conduct an audit of the Covid-19 handling budget. Despite being an emergency, Jokowi emphasized that all state expenditures related to Covid-19 handling must be carried out in a transparent and accountable manner.

"We support this audit to be carried out immediately, so that this audit could supports the implementation of activities to find solutions for new and better ways to deal with the crisis," said President Jokowi.

Jokowi explained that the Covid-19 pandemic forced the government, both central and regional, to take fast-paced steps. The government has also taken extraordinary steps in the economic sector, such as distributing social assistance in cash or non-cash basis. The government, said Jokowi, must immediately bring back the purchasing power of the people who had been hit. Especially with the rising number of unemployment rate due to the sluggish economy.

However, Jokowi also emphasized that the simplification of procedures carried out during the pandemic should prioritize accountability and transparency principles. He does not want, a "fast-paced" excuse for his staff neglecting good financial management.

"I hope every auditor has the same frequency, prioritizing the interests of the community, the nation, and the state," said Jokowi. ●

Minister of Finance Encourages the Ministries/ Institutions to Follow Up BPK's Audit Recommendation

The Minister of Finance appreciates all parties who have synergized in realizing professional, accountable and transparent accountability for state finances.

Minister of Finance Sri Mulyani encourages ministries/institutions (Kementerian/Lembaga – K/L) and local governments to continue improving the quality of financial reporting. Sri hoped that all K/L will work hard to obtain an unqualified opinion (WTP) from the Audit Board of the Republic of Indonesia (BPK).

Sri conveyed this message at the 2020 Government Financial Reporting National Accounting Meeting on the “Challenges of State Finance in the Handling of Covid-19 Pandemic and National Economic Recovery” which took place on 22 September. In this occasion, Sri expressed her gratitude for BPK's performance.

“The government really appreciates the numerous inputs and recommendations made by BPK, including the review of fiscal transparency and regional financial independence,” Sri said.

She said the 2019 Central Government Financial Report (LKPP) again gained a WTP opinion (Unqualified Opinion) from BPK. Sri kept the grateful because the 2019 WTP LKPP opinion was also followed by an increase in the number of WTP achievements by ministries, institutions and local governments.

“It is an indication of better governance in all institutions and local governments, not just in terms of governance, but also in terms of the performance of the functions and responsibilities of the government,” she said.

Therefore, Sri advised ministries, agencies and local governments that have not received WTP, to



■ Sri Mulyani

take effective steps in following up on BPK's recommendations.

The Minister of Finance also appreciates all parties who have synergized in realizing professional, accountable and transparent accountability for state finances. “The synergy that has been built between all stakeholders should be maintained and strengthened,” said Sri.

As a form of encouragement and recognition, Sri gave awards to ministries, institutions, and local governments that gain the WTP and gain the WTP five times in a row. “I also hope that those who have accomplished WTP 10 times will become an example and not to be deceived by acts or items that can lead to an opinion which do not represent good governance,” she said. ●



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July 28, 2020

BPK Board Member I, Hendra Susanto, directly handing over the audit report on 2019 Financial Statement of Ministry of Transportation to the Minister of Transportation, Budi Karya Sumadi, at the Head Office of Ministry of Transportation in Jakarta.



July 24, 2020

The handing over of the audit report on Financial Statement of Ministry of Finance by BPK Board Member II, Pius Lustrilanang to Minister of Finance, Sri Mulyani Indrawati.

July 21, 2020

BPK Board Member II, Pius Lustrilanang, handing over the audit report to Ministry of Trade at the Auditorium of Ministry of Trade's Office in Jakarta.





July 24, 2020

The handing over of the audit report of Coordinating Ministry for Economic Affairs by BPK Board Member II, Pius Lustrilanang to Coordinating Minister for Economic Affairs, Airlangga Hartarto, in Jakarta.

July 21, 2020

The handing over of the audit report on Financial Statement of Public Broadcasting Institution, Radio Republic of Indonesia (LPP RRI) by BPK Board Member III, Achsanul Qosasi to General Director of LPP RRI, M. Rohanudin.



August 3, 2020

The handing over of the audit report on 2019 Financial Statement of Ministry of Cooperatives and Small and Medium Enterprises by BPK Board Member II, Pius Lustrilanang to Minister of Cooperatives and Small and Medium Enterprises, Teten Masduki.



July 22, 2020

The handing over of the audit report on Financial Statement of Ministry of Youth and Sports Affairs by BPK Board Member III, Achsanul Qosasi to Minister of Youth and Sports Affairs, Zainudin Amali.



July 23, 2020

BPK Board Member III, Achsanul Qosasi, handing over the audit report on Financial Statement of National Disaster Management Agency (Badan Nasional Penanggulangan Bencana-BNPB) for FY 2019 to Head of BNPB, Doni Monardo at the Head Office of BNPB in Jakarta.

July 21, 2020

The handing over of audit report of 2019 Financial Statement of Ministry of Environment and Forestry (LHK) by BPK board Member IV, Isma Yatun to Ministry of Environment and Forestry, Siti Nurbaya at the Office of LHK in Jakarta.



July 21, 2020

BPK Board Member IV, Isma Yatun, handing over the audit report on 2019 Financial Statement of Ministry of Marine Affairs and Fisheries (KKP) to the Minister of KKP, Edhi Prabowo.



July 27, 2020

BPK Board Member V, Bahrullah Akbar, directly handing over the audit report for 2019 to the ministries/institutions under the responsibility of Audit Directorate General V to Minister of Religion Affairs, Fachrul Razi, at the Head Office of BPK in Jakarta.

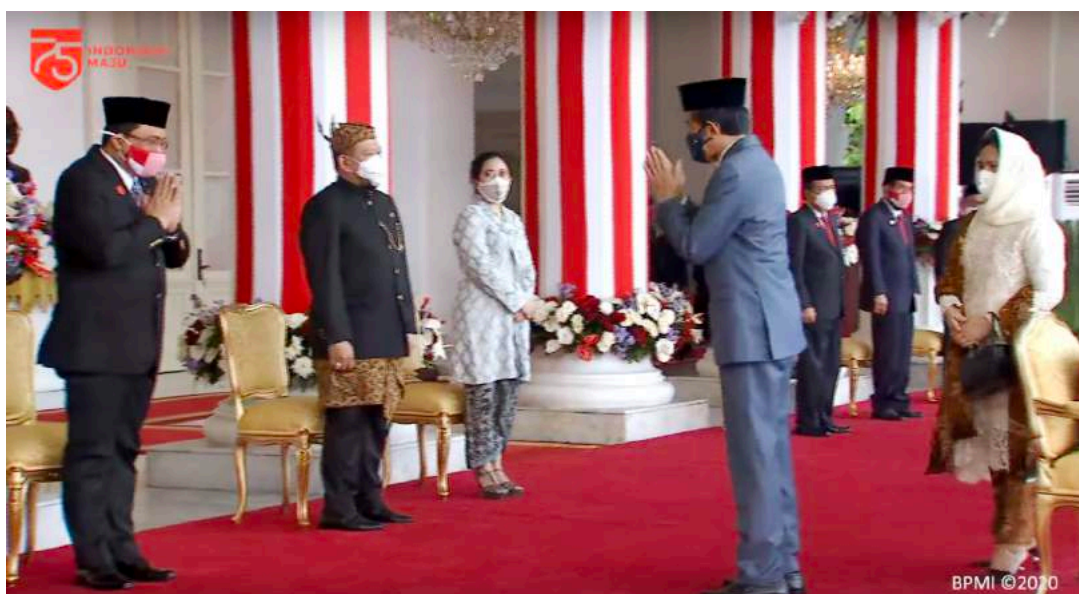
July 29, 2020

The handing over of audit report on financial statement of Ministry of State-Owned Enterprises (SOEs) for the period of 2019 by Board Member VII, Daniel Lumbang Tobing, to the Minister of SOEs, Erick Thohir at the Head Office of BPK, Jakarta.



July 27, 2020

The handing over of audit report for 2019 to the ministries/institutions under the responsibility of Audit Directorate General V, by BPK Board Member V Bahrullah Akbar to the Secretary General of Ministry of Home Affairs at the Head Office of BPK in Jakarta.



August 17,
2020

Chairman of BPK RI, Agung Firman Sampurna, attending flag lowering ceremony on the Independence Day led by the President of the Republic of Indonesia, Joko Widodo.



July 30, 2020

BPK Board Member I, Hendra Susanto, handing over the audit report on 2019 Financial Statement of Ministry of Defense to the Minister of Defense, Prabowo Subianto, at the Office of Ministry of Defense, Jalan Medan Merdeka Barat, Jakarta.

July 28, 2020

BPK Board Member II, Pius Lustrilang handing over the audit report on 2019 Financial Statement of Indonesian National Public Procurement Agency (LKPP) to the Chair of LKPP, Roni Dwi Susanto at the Head Office of LKPP, Jakarta.



July 30, 2020

The handing over of the audit report on 2019 Financial Statement of Central Bank of Indonesia (BI) by BPK Board Member II, Pius Lustrilanang to the Governor of BI, Perry Warjiyo.



August 3, 2020

The handing over of the audit report on 2019 Financial Statement of Bank of The Indonesian Financial Transaction Reports and Analysis Centre (PPATK) by BPK Board Member II, Pius Lustrilanang to Head of PPATK, Dian Ediana Rae at PPATK Office.



August 6, 2020

BPK Board Member II, Pius Lustrilanang, handing over the audit report on 2019 Financial Statement of Financial Services Authority (OJK) to Chairman of Board of Commissioner of OJK, Wimboh Santoso, at OJK's office in Jakarta.

July 28, 2020

BPK Board Member VI, Harry Azhar Azis giving direction at the Technical Coordination Meeting (Rakornis) for the Preparation of the Covid-19 Pandemic Budget Audit, at BPK Auditorium, in Jakarta.



August 10, 2020

Board Member III, Achsanul Qosasi, handing over the audit report on 2019 Financial Statement of People's Consultative Assembly (MPR) to Deputy Speaker of MPR, Fadel Muhammad, at MPR's Parliament Building Complex in Jakarta.



August 10, 2020

The handing over of the audit report on 2019 Financial Statement of The House of Representatives (DPR) by BPK Board Member III, Achsanul Qosasi to Vice Speaker of DPR, Rachmat Gobel at Parliament Building Complex in Jakarta.



August 10, 2020

The handing over of the audit report of Regional Representatives Council (DPD) at Parliament Building Complex in Jakarta. The audit report handed over by BPK Board Member III, Achsanul Qosasi to DPD Speaker, La Nyalla Mattalitti.

August 6, 2020

BPK Board Member III, Achsanul Qosasi directly handing over the audit report on 2019 Financial Statement of Ministry of Communication and Information Technology (Kominfo) to the Minister of Kominfo, Johnny G. Plate, at Kominfo Office in Jakarta.



August 13, 2020

The handing over of the audit report on 2019 Financial Statement of Constitutional Court of the Republic of Indonesia (MK) by BPK Board Member III, Achsanul Qosasi to the Chief Justice of MK, Anwar Usman, at MK Office, Jakarta.



August 14, 2020

BPK Chairman Agung Firman Sampurna attended the People's Consultative Assembly (MPR) Annual Session.

September 7, 2020

BPK Chairman Agung Firman Sampurna received a courtesy call from State Civil Apparatus Commission in BPK Head Office, Jakarta.



September 1, 2020

BPK Board Member II Pius Lustrilantang conveyed the Audit Reports on 2019 Financial Statements of the National Standardization Agency (Badan Standardisasi Nasional – BSN) and the Indonesian Competition Commission (Komisi Pengawas Persaingan Usaha – KPPU) in BPK Head Office, Jakarta.



August 18, 2020

BPK Board Member III Achsanul Qosasi conveyed the Audit Report on 2019 Financial Statements of the Ministry of Village, Development of Disadvantaged Regions and Transmigration (Kemendes PDTT) to Minister Abdul Halim Iskandar in Kemendes PDTT Office, Jakarta.



August 18, 2020

BPK Chairman Agung Firman Sampurna attended the commemoration of the 2020 Constitution Day was held at Nusantara IV Building of the Parliament Complex, Jakarta.

September 2, 2020

BPK Vice Chairman Agus Joko Pramono virtually opened the IPKN Seminar.



September 17, 2020

Consultation Meeting between BPK Board Member II, Pius Lustrilanang and the Public Accounts Committee (BAKN) of the House of Representative (DPR).

September 2, 2020

BPK Board Member V Bahrullah Akbar delivered his speech in the IPKN Seminar.



September 15, 2020

BPK Board Member V Bahrullah Akbar delivered a public lecture to the 57th generation of student officers at the Indonesian Air Force Staff and Command College (Seskoau) at its Lembang campus.

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