



**Upon joint approval of**

**THE PARLIAMENT OF THE REPUBLIC OF INDONESIA  
AND  
THE PRESIDENT OF THE REPUBLIC OF INDONESIA**

**HAS DECIDED TO STIPULATE LAW REGARDING**

**AUDIT OF MANAGEMENT AND RESPONSIBILITY OF THE STATE FINANCE  
NO. 15 YEAR 2004**

**STATE SECRETARY OF THE REPUBLIC OF INDONESIA**

**CHAPTER I  
GENERAL**

**Article 1**

**Definition:**

1. An audit shall mean a process of identification of cases, analysis, and evaluation conducted independently, objectively and professionally based on the standard auditing to evaluate truth, accuracy, credibility and dependability of information concerning the management and responsibility of state finance.
2. Supreme Audit Institution, hereinafter referred to as SAI (BPK), is the Supreme Audit Institution meant by the 1945 Constitution.
3. An auditor shall mean an individual conducting audit assignment on the management and responsibility of state finance on behalf of BPK.
4. An audited official and/or responsible person, hereinafter referred to as official, shall mean one or more individuals assigned jobs for managing state finance.
5. Representative institutions shall mean DPR, DPD, DPRD of provincial level, and/or DPRD of district/city level as meant by the 1945 Constitution.
6. A state finance management shall mean the overall activities of a state finance official in relation to his or her position and responsibility, inclusive of planning, actuating, control, and accountability.
7. A state finance responsibility shall mean obligation of the Government to exercise management orderly, in compliance to laws, efficiently, effectively, and transparently, taking into account sense of just and fairness.
8. A standard auditing shall mean the basis for conducting an audit on overall state finance management and responsibilities including general auditing standard, auditing implementation standard and report guidelines standard that should be complied by BPK and/or Auditor.
9. Financial statements shall mean a format of accountability of application of central/local government budget by the central or local government as stipulated in Article 30, Article 31, and Article 32 of the Law No.17 Year 2003 on the State Finance and Article 55 paragraphs (2) and (3), and Article 56 paragraph (3) of the Law No.1 Year 2004 on the State Treasury.

10. A document shall mean data, notes, and or information relating to on the management and responsibility of state finance, written on papers or other media, recorded in whatever form visible, readable or audible.
11. An opinion shall mean a professional statement on degree of fairness of information presented in (1) financial statements resulted from an auditor conclusion.
12. A recommendation shall mean suggestion to take corrective action given by the auditor based on his or her audit to a responsible person and/or institution concerned.

## **CHAPTER II**

### **SCOPE OF AUDIT**

#### **Article 2**

- (1) Audit of state finance include audit concerning state finance and audit of state finance responsibility.
- (2) BPK shall conduct the audit of state finance management and responsibility.

#### **Article 3**

- (1) The audit of state finance management and responsibility conducted by BPK comprise of all state financial elements as stipulated in Article 2 of the Law 17 of 2003 on the State Finance.
- (2) For audit conducted by a public accountant based on financial audit law, the audit reports are required to be submitted to BPK and published.

#### **Article 4**

- (1) The audit referred to in Article 2 comprise financial, performance, and special purpose audits.
- (2) Financial audit is audit on financial statements.
- (3) Performance audit is audit on management of state finance which include audit of economy, efficiency and effectiveness.

- (4) Special purpose audit is an audit not referred to in paragraphs (2) and (3).

#### **Article 5**

- (1) The audit referred to in Article 3 shall be conducted in accordance with auditing standards.
- (2) The auditing standards referred to in paragraph (1) shall be established by BPK, in consultation with the government.

### **CHAPTER III THE AUDIT WORK**

#### **Article 6**

Determinations of auditees, planning and conducting of audit, schedules and methods of audit, as well as report preparations and presentations shall be conducted by BPK independently.

#### **Article 7**

- (1) In planning an audit assignment, BPK shall consider requests, suggestions and opinions of the legislative boards concerned.
- (2) For the purposes of discussion concerning the requests, suggestions and opinions referred to in paragraph (1), BPK and legislative boards concerned may issue invitation for consulting meeting.

#### **Article 8**

In planning for audit assignment referred to in Article 7 paragraph (1), BPK may take into consideration information from the government, central bank, and the community.

#### **Article 9**

- (1) In conducting audit of state finance management and responsibility, BPK may use results of audit conducted by government internal auditors.



(2) For the purposes referred to in paragraph (1), audit reports of the government internal auditors are required to be submitted to BPK.

state/municipal

(3) In conducting an audit BPK may use non-BPK auditors or experts to work for and on behalf of BPK.

#### **Article 10**

In conducting an audit assignment, an auditor may:

- (a) Ask for documents required to be submitted by auditees in audit of state finance management and responsibility.
- (b) Access all data stored in whatever type of media, assets, locations, and all type of goods or documents under the ownership or control of the audited entity or other entities deemed required for the audit assignment.
- (c) Seal state finance cash vault and goods and document storage.
- (d) Invite or send for someone for information;
- (e) To take photograph, recording and/or sample for additional instrument in an audit.

#### **Article 11**

For the purposes of requesting information as referred to in Article 10 paragraph (d), BPK may summons an individual.

#### **Article 12**

In conducting a financial and/or performance audit an auditor shall conduct an evaluation and testing on the system of internal control of the government.

### **Article 13**

An auditor may conduct an investigative audit to disclose indication that gives rise to loss to the state/municipality and/or indication of a crime.

### **Article 14**

- (1) If during audit indication of crime is found, BPK should immediately report the findings to the institution concerned in accordance to the laws and regulations.
- (2) Procedures on the presentation of such findings referred to in paragraph (1) shall be managed by BPK and the government.

## **CHAPTER IV AUDIT REPORT AND FOLLOW UP**

### **Article 15**

- (1) An auditor shall make an audit report upon completion of an audit.
- (2) When required, an auditor may make an interim report.

### **Article 16**

- (1) A financial audit on government financial statements shall contain an opinion.
- (2) A performance audit report shall contain audit findings, conclusion, and recommendation.
- (3) A special audit report shall contain conclusion.
- (4) Responses of a responsible government official on audit findings, conclusion and recommendation of an auditor shall be attached to the relevant audit report.

## Article 17

- (1) An audit report of central government financial statements shall be submitted by BPK to DPR and DPD no later than 2 (two) months after receipt of the financial statements from the central government.
- (2) An audit report of local government financial statements shall be submitted by BPK to DPRD DPD no later than 2 (two) months after receipt of the financial statements from the local government.
- (3) The audit reports referred to in paragraphs (1) and (2) shall also be submitted to the President/Governor/Regent/Mayor in accordance with their jurisdictions.
- (4) A performance audit report shall be submitted to DPR/DPD/DPRD in accordance with their jurisdictions.
- (5) A special audit report shall be submitted to DPR/DPD/DPRD in accordance with their jurisdictions.
- (6) The audit reports referred to in paragraphs (4) and (5) shall be submitted to the President/Governor/Regent/Mayor in accordance with their jurisdictions.
- (7) The procedure of submitting the audit reports referred to in paragraphs (1), (2), (4), (5) and (6) shall be set up jointly by BPK and the relevant legislative institution.

## Article 18

- (1) A summary of semester audit reports shall be submitted to DPR/DPD/DPRD no later than 3 (three) months after the end of the relevant semester.
- (2) The summary referred to in paragraph (1) shall also be submitted to the President/Governor/Regent/Mayor no later than 3 (three) months after the end of the relevant semester.

## Article 19

- (1) Audit reports which have been submitted to legislative institutions shall be declared open to public.

- (2) The audit reports referred to in paragraph (1) shall exclusive of reports containing national secrets as stipulated in laws and regulations.

#### **Article 20**

- (1) An official is required to follow up recommendation in an audit report.
- (2) An official is required to give response or clarification to BPK concerning follow up of recommendation in an audit report.
- (3) The response and clarification referred to in paragraph (2) shall be submitted to BPK no later than 60 (sixty) days after the receipt of an audit report.
- (4) BPK shall monitor the follow up referred to in paragraph (1).
- (5) Any official not carrying out the responsibility referred to in paragraph (1) shall be given administrative sanction in accordance with the employment regulations.
- (6) BPK shall inform the relevant legislative institution of the conclusion of the monitoring referred to in paragraph (4) in the semester audit report.

#### **Article 21**

- (1) Legislative institution shall follow up audit findings of BPK by way of discussion in accordance with their jurisdictions.
- (2) In a follow up process DPR/DPD/DPRD shall ask BPK for clarification.
- (3) DPR/DPD/DPRD may request BPK to conduct further examination.
- (4) DPR/DPD/DPRD may request the government to follow up audit findings referred to in paragraph (1) and/or paragraph (3).

### **CHAPTER V COMPENSATION FOR LOSS TO THE STATE**

#### **Article 22**

- (1) SAI shall conduct audit for the purposes of claim to a treasurer for loss to the state or municipality.



- (2) The treasurer may submit objection to SAI within 14 (fourteen) days after receipt of the claim referred to in paragraph (1).
- (3) When in the audit referred to in paragraph (1) a loss to the state or municipality due to illegal act by negligence or by deliberate action is detected, SAI shall issue claim for compensation of loss to the state or municipality.
- (4) The procedure of settlement of claim to the treasurer shall be determined by BPK in consultation with the government.
- (5) The procedure of settlement of claim referred to in paragraph (4) is applicable to management of public utility companies and public limited liability companies where all or at least 51% of their shares belong to the State, as long as not stipulated otherwise by a specified law.

#### **Article 23**

- (1) The Minister/Chairman of an Institution/Governor /Regent/Mayor/Executive of State Owned Enterprises and other entities who manage state finance shall report to BPK of claim settlement no later than 60 (sixty) days after a loss to the state/municipality is detected.
- (2) BPK shall monitor settlement of claims for loss to the State/Municipality against the non treasurer and/or government employees of the Ministry/Institution/Local Government.

### **CHAPTER VI CRIMINAL PROVISIONS**

#### **Article 24**

- (1) Anyone whomsoever deliberately not fulfilling obligation to give any document required in audit of state finance management and responsibility referred to in Article 9 shall be subject to imprisonment of maximum one year and six months and/or fine of maximum Rp 500,000,000.00 (five hundred million rupiah).
- (2) Anyone deliberately avoiding, obstructing or cancelling an audit referred to in Article 9 shall be subject to imprisonment of maximum one year and six months and/or fine of maximum Rp 500,000,000.00 (five hundred million rupiah).

- (3) Anyone deliberately refuse to oblige the summon by BPK referred to in Article 11 without submitting written excuse for refusal shall be subject to imprisonment of maximum one year and six months and/or fine of maximum Rp 500,000,000.00 (five hundred million rupiah).
- (4) Anyone deliberately falsifying or producing fictitious documents for the purposes of obligation referred to in paragraph (1) shall be subject to imprisonment of maximum three years and/or fine of maximum Rp 1,000,000,000.00 (one billion rupiah).

#### **Article 25**

- (1) Any auditor deliberately using documents available during the course of an audit referred to in Article 10 beyond his or her authority shall be subject to imprisonment of at the most 3 (three) years and/or fine of maximum Rp 1,000,000,000.00 (one billion rupiah).
- (2) Any auditor misusing his/her authority in accordance with the position and/or auditing assignment as referred to in Article 10 shall be subject to imprisonment of at least 1 (one) year and at the most 5 (five) years and/or fine of maximum Rp 1,000,000,000.00 (one billion rupiah).

#### **Article 26**

- (1) Any auditor deliberately not reporting criminal act findings during the course of an audit referred to in Article 13 and Article 14 shall be subject to imprisonment of at the most 1 (one) year and 6 (six) months and/or fine of maximum Rp 500,000,000.00 (five hundred million rupiah).
- (2) Anyone who does not fulfill his/her responsibility to follow up recommendations given in the audit report referred to in Article 20 shall be subject to imprisonment of at the most 1 (one) year and 6 (six) months and/or fine of maximum Rp 500,000,000.00 (five hundred million rupiah).

### **CHAPTER VII TRANSITIONAL PROVISIONS**

#### **Article 27**

- (1) The provisions of financial audit referred to in this law shall be effective for financial statements of fiscal year 2006.
- (2) Settlement of claims made by BPK or the government upon the effective of the law shall be conducted on the basis of provisions of existing laws prior to the effectiveness of this law.

(3) The procedure of settlement of compensation for loss to the state referred to in Article 22 paragraphs (4) and (5) shall be set up at least 1 (one) year after the date of effectiveness of this law.

**CHAPTER VIII  
CONCLUDING PROVISION**

**Article 26**

Upon the effectiveness of this law, Instructie en Verdere bepalingen voor de Algemene Rekenkamer (IAR)/Staatsblad 1898 Nomor 9 as amended, the latest with Staatsblad 1933 Nomor 320 shall be declared null and void.

**Article 27**

This Law shall become effective as of the date of promulgation.

For public cognizance, it is instructed to promulgate this Law by inserting the same in the State Gazette of the Republic of Indonesia.

Enacted in Jakarta

on:

PRESIDENT OF THE REPUBLIC OF INDONESIA,

Promulgated in Jakarta

On.....

STATE SECRETARY OF THE REPUBLIC OF INDONESIA

BAMBANG KESOWO

State Gazette of the Republic of Indonesia Year..... Number.....