

# The Audit Board of the Republic of Indonesia (The Audit Board)

1

## Agenda of Presentation

- Indonesia in the World
- History of the Audit Board
- Mandates & Position of the Audit Board
- Organization Structure of the Audit Board
- Audit Activities
- International Activities
- Indonesian National Indicator
- What have been done by the Audit Board
- What will be done by the Audit Board
- Expectations

2

# Indonesia in the World



## History of the Audit Board

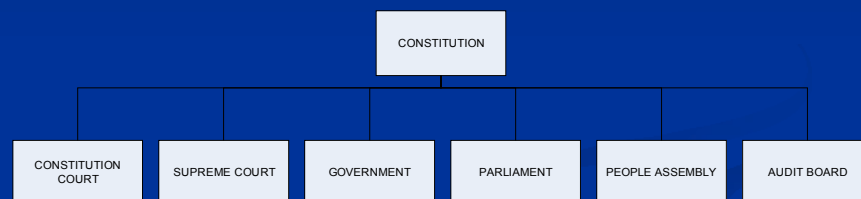
- Established in 1947
- Evolution of the Audit Board Organization
  - The Audit Board – 7 members & 3 regional offices (1947 – 1999)
  - The Audit Board – 7 members & 7 regional offices (1999 – 2004)
  - The Audit Board – 9 members & 33 regional offices (2008)
- State of independency
  - Less Independent (Executive Domination 1947 – 1999)
  - Independent (Reform Era 1999 – 2003, Amendment of Constitution)
  - More Independent (State Finance Reform 2004 – Present: new laws)

## Mandates & Position of the Audit Board

- Mandate of the Audit Board is mentioned on the Constitution
  - The Audit Board is established to audit state financial management and accountability.
  - Audit reports of the Audit Board are submitted to the parliament (central & regional) and Regional Representation Council (senate)
- Position of the Audit Board on the Constitution: same level with other national institutions:
  - Government,
  - Parliament,
  - Supreme Court,
  - Regional Representation Council,
  - People Assembly,
  - Constitution Court

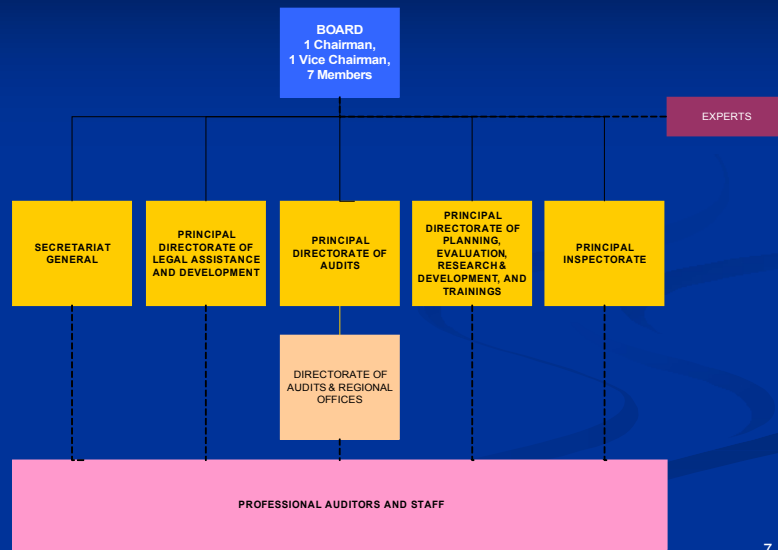
5

## The Audit Board on the Constitution



6

# The Organization Structure



7

## Audit Activities

- **Financial Audit**
  - Audit of Central Government Financial Statements (1 Consolidation & 86 Ministries/Agencies)
  - Audit of Local Government Financial Statements (510 governments)
  - Audit of Central Bank Financial Statements
  - Audit of Other Agencies' Financial Statements
- **Performance Audit**

Samples:

  - Audit of Effectiveness of Avian Influenza Control and Preparedness
  - Audit of Effectiveness of Health Services
  - Audit of Effectiveness of Education Operational Supports
- **Special Purpose Audit**

Sample:

  - Investigative Audit of Central Bank Funds Flow to Members of Parliament (Bribery and Corruption case)

8

## International Activities

- Memberships:
  - INTOSAI
  - ASOSAI
- Participation:
  - INTOSAI Sub Committee Financial Audit Guideline
  - INTOSAI WG on Accountability for and Audit of Disaster Related Aid
  - INTOSAI WG on Environmental Auditing
  - INTOSAI WG on Fight Against Int'l Money Laundering & Corruption
  - INTOSAI Task Force on Global Financial Crisis (new)
  - INTOSAI WG on Key National Indicators (new)
  - IDI-ASOSAI on Quality Assurance Program
  - Etc
- Co-operations :
  - Cooperation on audit of tsunami funds
  - Cooperation on audit of military procurement
  - Cooperation on tax revenues
  - Etc

9

## Indonesian Key National Indicators (1)

- Government of Indonesia and parliament passed a law concerning long-term development plan in 2007
- Long-term Development Plan (2005-2025) consists vision and mission, and direction-phase-priority.
- Eight directions of the Long-term Development Plan
  - Achieving moral-ethical-cultural-civilized society
  - Achieving competitive nation
  - Achieving legal-based democratic nation
  - Achieving peaceful and united nation
  - Achieving equality and justice in development
  - Achieving green Indonesia
  - Achieving strong, modern and independent nation
  - Achieving active nation in international community
- Four phases & priorities are set on the medium term development plan (MTDP)
  - MTDP-1 (2005-2009)
  - MTDP-2 (2010-2014)
  - MTDP-3 (2015-2019)
  - MTDP-4 (2020-2024)

10

## Indonesian Key National Indicators (2)

- Medium-term Development Plan (2004-2009)
  - Creating safe and peaceful Indonesia
  - Establishing democratic and justice Indonesia
  - Improving prosperity and people welfare
- Structure of Each Agenda of the Medium-term Development Plan
  - Problems
  - Goals
  - Policy Directions
  - Development Programs
- Annual Internal Evaluation of the MTDP and the achievement of Millennium Development Goals

11

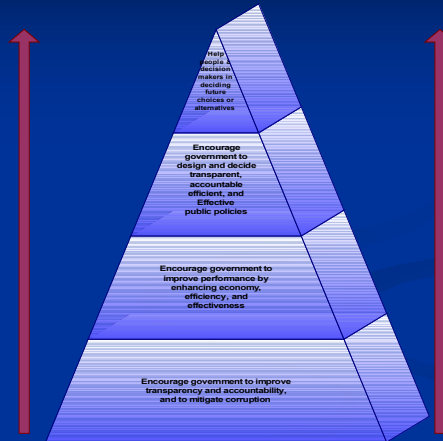
## Indonesian Key National Indicators (3)

- MTDP-2 (2009-2014) will be developed by the new government
- The Audit Board will conduct a performance audit to assess the achievement of development performance as mentioned on the MTDP.
- The Audit Board will also assess the achievement of Millennium Development Goals.
- Based on audit results, the Audit Board express conclusions and recommendations to improve performance (including national indicators)

12

## What have been done by the Audit Board

- More financial audits and investigative audits
- Less performance audits
- No roles in developing national indicators
- Setting the Audit Board Audit Direction Policy



13

## What will be done by the Audit Board

- Conduct more performance audits
- Conduct periodic performance audits on national development performance (annually):
  - Study guidelines and best practices
  - Determine key areas
  - Establish criteria (development plan and others)
  - Design audit plan
  - Perform audits
  - Developing findings and recommendations
  - Develop and submit audit report
- Communicate audit plan and audit results with the parliament and government and discuss next actions (government plan, budget, programs, national indicators etc)
- Draw conclusions & recommendations on government five-year or medium term development performance

14

## Issues

- Is the Audit Board's performance audit plan on national development performance on the right track?
- Regarding the development and use of key national indicators, what are roles of SAIs and how to approach them?
  - Developing key national indicators is not a part of SAI's mandates
  - It may have impact on SAI's independence & credibility

15

## Expectations

- Learning experiences from other countries in developing national indicators;
- Participating in the Working Group in developing and using key national indicators;
- Reviewing Indonesian national indicators by comparing or benchmarking them to others;
- Designing and implementing a pilot project to implement the guideline;
- Developing a framework or approach to audit government performance in achieving national indicators
- Developing relevant audit guidelines

16



Thank You