

FROM MEMBERS

Results of a Technical Meeting on the Environmental and Customs Parallel Audits between BPK RI and JAN Malaysia

The Audit Board of Republic Indonesia (BPK RI) hosted a Technical Meeting on the Environmental and Customs Parallel Audits between BPK RI and Jabatan Audit Negara (JAN) Malaysia at Sheraton Hotel, Senggigi Lombok, West Nusa Tenggara in September, 3-4 2012.

This meeting was opened by a Board Member of BPK, Dr. H. Ali Masykur Musa S.H., M.Hum., and attended by the Minister for the Environment of the Republic of Indonesia, Prof. Dr. Balthasar kambuaya, Deputy Auditor General of JAN Malaysia (Federal), Dato’ Haji Anwari bin Suri, the Governor of West Nusa Tenggara Province, Dr. HM. Zainul Majdi, and officials and staff from BPK RI and JAN Malaysia, as well as local government officials from West Nusa Tenggara Province.

The meeting was the implementation of a technical cooperation agreement signed in 2007 between BPK RI and JAN Malaysia. Previous parallel audit – an audit conducted more or less simultaneously by two or more SAIs but with a separate audit team from each SAI reporting only to its own legislature or government, and only on the observations and/or conclusions pertaining to its own country – implementation covered audits in 2007-2009 of management of forests, and audits in 2007-2009 of management of the mangroves in Malacca Strait . Beside parallel audits BPK RI and JAN Malaysia have other cooperation such as: training in the field of audits of tax collection, training in investigative audits, training in International Public Sector Accounting Standards, and the use of Geographical Information Systems (GISs) in audits of forest management.

The Technical Meeting in Mataram was the 10th meeting after the previous Technical Meeting was conducted in Pangkor, Perak Malaysia. In that meeting, the two SAIs agreed to conduct parallel audits on

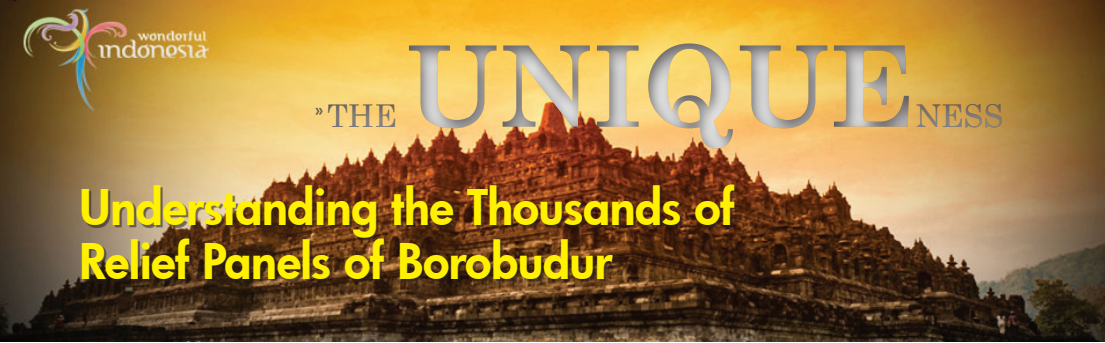
Illegal, Unreported and Unregulated (IUU) Fishing, and a performance audit on Custom Duties Assesment of exported goods, as well as to develop an Audit Planning Memorandum (APM) and an audit design matrix for Water Resources Management.

Associated with IUU Fishing, BPK RI and JAN Malaysia agreed to conduct this parallel audit because Indonesia is a country with many islands bordering with Malaysia which had the same problems in IUU Fishing. Problems in IUU Fishing are not the only public concern in Indonesia but also in international communities. International Organization of Supreme Audit Institutions – Working Group on Environmental Audit (INTOSAI WGEA) expressed this as a fishery management problem in Auditing Sustainable Fisheries Management.

On the basis of common problems, BPK RI and JAN Malaysia first agreed to conduct parallel audits on IUU Fishing during the Technical Meeting in Manado, Indonesia, in October 2011. While, in the following meeting was held in Pangkor Island, Malaysia, in April 2012, both SAIs agreed on the development of an audit planning memorandum and an audit design matrix. Both SAIs were conducting the audit of IUU Fishing in 2012 in their respective countries.

Finally, the objectives of the technical meeting in Mataram was to share knowledge and experience on the IUU parallel audits and to develop the outlines of parallel audit reports. Also the customs audit teams of both SAIs shared their experiences with audit methodology. Moreover, the results the parallel audit on IUU Fishing and its environment also were presented by BPK RI and JAN Malaysia during the ASOSAI WGEA meeting in Penang Malaysia on September 17-18,2012.

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http://www.indonesia.travel/en/destination/879/understanding-the-thousands-of-relief-panels-of-borobudur

Borobudur Temple is a majestic masterpiece. Recognized as a UNESCO World Heritage site, Borobudur is the largest Buddhist monument in the world and the single most visited spot in Indonesia. 75 years in the making, Borobudur is constructed from 2 million intricately carved volcanic rocks, and assembled using a complex interlocking technique without the use of cement or mortar. Aside from its enchanting beauty and high artistic value, Borobudur is a structure rich in history, culture and religion.

The ten levels of Borobudur are believed to be representations of the Mahayana school of philosophy which describe the ten levels of Bodhisattva that must be passed to attain the Buddhist perfection. The monument is decorated with 2,672 relief panels that if aligned in a row, would stretch a length of over 6 kilometers. Of

these panels, 1,460 are narrative, while the other 1,212 are decorative. The narrative panels tell the story of Sudhana and Manohara – every scene of the story, a sculpted work of art of extraordinary value. UNESCO has recognized these panels as the largest and most comprehensive ensemble of Buddhist reliefs in the world.

Reading the panels on the temple walls requires a specific technique. The panels on the wall read from left to right, while those on the balustrade read from right to left, conforming with the pradaksina, a ritual performed by pilgrims who move in a clockwise direction, whilst always keeping the sanctuary to their right. The story begins and ends at the eastern side of the gate at every level. Stairs connect each level to the next from each direction of the compass, but the idea is to always ascend from

the stairs at the eastern corner. The panels depict stories of Karma, of passion, robbery, murder, torture and humiliation. But not all are negative. Some panels also tell of the cause and effect of good deeds, and describe

the behavior of the Javanese Society of that day, from religion to livelihood to social structure, fashion, and even the various types of plants and animals. Ultimately, it describes the human life cycle: Birth – Life – Death.

Understanding the Thousands of Relief Panels of Borobudur From the 5th to 7th levels of the temple, there are no reliefs on the walls. This is because these levels represent the nature of the “Arupadhatu,” which means “without tangible form.” At this level, people are free from all desires of any shape or form, but yet have not attained Nirvana. On this level, there are several Buddha statues placed inside stupas.

At the 10th and highest level of the temple, is the largest and tallest stupa in Borobudur. Within this stupa was found the Imperfect Buddha or Unfinished Buddha, which can now be found in the Karmawibhangga Museum.

Unlike most temples, Borobudur did not have actual spaces for worship. Instead it has an extensive system of corridors and stairways, which are thought to have been a place for Buddhist ceremonies. Borobudur also has six square courtyards, three circular ones, and a main courtyard within a stupa at the temple's peak. The entire structure is formed in the shape of a giant twirling staircase, a style of architecture from prehistoric Indonesia.

Because of the uniqueness, beauty, historic value and priceless works of art manifested in Borobudur, this temple is certainly worth of the title as one of the greatest masterpieces of Indonesia’s vast archipelago. (www.indonesia.travel)

ASEANSAI NEWSLETTER

VOLUME III/2012

FIRST ASEANSATRAINING PROGRAM IN YOGYAKARTA

The ASEANSATraining Committee will soon conclude its first program of training in the field of quality assurance in financial audit. The program will be implemented in the form of a workshop participated by auditors of the ASEANSATraining Member SAIs, who are also associated and familiar with the quality assurance functions.

As stated in the ASEANSATraining Committee Plan that covers the working year of 2012 to 2015, the first priority program to be implemented based on the result of the training needs assessment survey is the workshop on the Quality Assurance in Financial Audit (QAFA). To support the conduct of the workshop, the Training Committee first held an instructors’ design meeting as the preceeding preparation to formulate the program agenda and modules for the workshop.

The Training Committee determined a team of Instructors for the workshop consisting of seven instructors from the SAI of Brunei Darussalam, Indonesia, Malaysia, Philippines and Thailand. The instructors’ design meeting has been concluded on September 11, 2012 in Bangkok, Thailand, of which the Office of the Auditor General of Thailand fruitfully hosted the meeting that lasted from September 5 to 11, 2012. The team of instructors designed and developed the materials for the workshop, which are based on the ASOSAI/IDI courseware and the QAFA Handbook.

As the instructors’ design meeting already concluded the pre-workshop preparation, SAIs’ commitments and the selection criterias for the



participants, the QAFA workshop will soon be held in Yogyakarta, Indonesia from December 3 to 8, 2012. The workshop aims at training the participants as well as sharing the knowledge and experiences in ensuring the implementation of the quality assurance in the financial audit conducted by the ASEANSATraining Member SAIs. The workshop will only focus on the quality assurance review on the individual audit level and not on the institutional level.

After the workshop, it is expected that the participants could conduct the pilot quality assurance reviews and send the Quality Assurance Review (QAR) report and the Utility report to the ASEANSATraining Secretariat

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FIRST ASEANSATRAINING PROGRAM IN YOGYAKARTA

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UNDERSTANDING THE THOUSANDS OF RELIEF PANELS OF BOROBUDUR

AGENDA

AGENDA	Oct 31- Nov 2 2012	Nov 28-29 2012	Dec 3-8 2012
	ASEANSATPARALLEL AUDITING SEMINAR ON FINANCIAL MANAGEMENT ACCOUNTABILITY INDEX (FMAI) AND NON-REVENUE WATER (NRW) <i>The Ritzqun International Hotel Gadong, Bandar Seri Begawan,</i>	ASEANSATSYMPOSIUM ON GOOD GOVERNANCE <i>The Ritzqun International Hotel Gadong, Bandar Seri Begawan,</i>	ASEANSATWORKSHOP ON QUALITY ASSURANCE IN FINANCIAL AUDIT (QAFA) <i>Inna Garuda Hotel, Yogyakarta, Indonesia</i>
	The SAI of Malaysia will host two parallel auditing seminars on Financial Management Accountability Index (FMAI) and Non-Revenue Water (NRW) on October 31 – November 2, 2012 in Penang. The seminars aim at sharing and exchanging knowledge and experiences in the said subjects. The focus will be on the aspects such as development, implementation and achievements of the FMAI and NRW management and auditing experiences.	The ASEANSATKnowledge Sharing Committee will hold an ASEANSATSymposium on Good Governance that will be hosted by the Audit Department of Brunei Darussalam on November 28-29, 2012. The Symposium aims to share knowledge, experiences and best practices in the good governance among ASEANSATMember States. Each ASEANSATMembers will present a paper concentrating on the theme of “Good Governance” and hold a forum discussion at the “Impact of Audit on Ensuring Good Governance”.	The ASEANSATTraining Committee will conduct a workshop on Quality Assurance in Financial Audit (QAFA) on December 3-8, 2012 in Yogyakarta, Indonesia. The Audit Board of the Republic of Indonesia (BPK RI) will be the host of the program. The workshop aims at training the participants as well as sharing the knowledge and experiences in ensuring the implementation of the quality assurance in the financial audit conducted by the ASEANSATMember SAIs.

SECRETARIAT’S NOTE



The ASEANSAI as a form of an international organization seems to totally function as a media to share knowledge and experiences among its Members, specifically, in the field of public sector audit. Many kinds of activities have been fruitfully implemented during this year. It means that each Committee has been undertaking its work plan of 2012-2013. Reviewing the semi-annual reports of all Committees and Secretariat, I am at my optimism that the ASEANSAI is on its way to become a recognized organization committing to enhance its Members' capacity. The Committees accomplished their working targets just in time, as scheduled in their work plans.

The Knowledge Sharing Committee implemented its first program by holding parallel audit seminars on Financial Management Accountability Index and Non-Revenue Water in Penang, Malaysia in October. It will soon implement the next program of Symposium on Good Governance participated by all Member SAIs. This symposium will be held by The SAI of Brunei Darussalam, a member of the Committee, at the end of November 2012. Shortly after, the Training Committee will also implement its first program of training, the workshop on Quality Assurance in Financial Audit (QAFA). The workshop will be based on the ASOSAI/IDI QAFA Handbook and courseware. BPK RI as the ASEANSAI Secretariat is honoured to be able to host the workshop in Yogyakarta this December.

Beside the implementation of activities, I can inform you that we have this far succeeded to formulate two important documents for the ASEANSAI. We now have the ASEANSAI Interim Rules and Procedures and the first draft of the ASEANSAI Strategic Plan 2014-2017. The Secretariat already circulated them to all members to seek their approval. As soon as it is approved, the Interim Rules and Procedures will be effective until the next Assembly in 2013. The final draft of the ASEANSAI Strategic Plan and Rules and Procedures will be endorsed by the Assembly next year. They will then become our important guidance in conducting ASEANSAI activities.

In this occasion, I need to inform you that the Secretariat continues its effort to initially establish strong relationship and cooperation with entities, either within or outside the ASEAN. In September, for instance, we had an opportunity to introduce our organization to the ASEAN Inter-Parliamentary Assembly (AIPA). The Chairman of ASEANSAI was invited to deliver his speech before the AIPA Members in the AIPA meeting in Lombok, Indonesia.

Again, we will always invite your submissions of articles, special reports, news, and other materials related to the ASEANSAI and members' activities. You can share and submit your articles and other useful materials to the ASEANSAI Secretariat by email at aseansai@bpk.go.id.

Thank you. I always look forward to cooperating with you in the future.

Warm regards,

Hendar Ristriawan

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ACTIVITIES

ASEANSAI ATTENDED THE 33rd AIPA ASSEMBLY



The close cooperation between Supreme Audit Institution (SAI) and parliament could strengthen the transparency and accountability of the state finance. The transparency and accountability of the state finance are the needs of all countries to create a better life of the nation and citizens. This was a statement made by the

Audit Board of the Republic of Indonesia (BPK RI) on the third day of the 33rd ASEAN Inter-Parliamentary Assembly (AIPA) held on September 16-22, 2012, in Lombok, West Nusa Tenggara.

This event was attended by ten member states of AIPA, nine observers among others, from Australia, Canada, Russia, Japan, China, and seven guests of the host, among others, the ASEANSAI, the House of Regional Representative of the Republic of Indonesia, the National Parliament of Timor Leste and the Pan-African Parliament.

The AIPA is an inter-parliament organization consisting of ten representative institutions or parliament in Southeast Asia.

The ASEAN Member States committed to apply transparency and accountability of the state finance. The cooperation between an SAI and its parliament would be useful to strengthen the supervision function in each country.

As a new organization, the ASEANSAI needed to build cooperation with other institutions in the ASEAN, especially with the AIPA. In order to strengthen transparency and accountability of a country, there must be a close cooperation between the SAI and its parliament. Likewise, in ASEAN, BPK RI expects a better cooperation between ASEANSAI with the AIPA in the future.

THE INTERIM ASEANSAI RULES AND PROCEDURES TO BE APPROVED BY ASEANSAI MEMBERS

The ASEANSAI Rules and Procedures Committee chaired by the Auditor-General's Office of Singapore has successfully concluded its second meeting held in Singapore from September 11-12, 2012. This meeting was attended by all members of the Rules and Procedures Committee and also the representatives from the ASEANSAI Secretariat as observers.

During this meeting, the Rules and Procedures Committee discussed and finalized the first draft of the rules and procedures, which is due to be submitted to the ASEANSAI Secretariat. The Committee concluded that the Interim ASEANSAI Rules and Procedures will be the temporary guidance for the ASEANSAI before the final set of the ASEANSAI Rules and Procedures is endorsed in 2013.



The Interim ASEANSAI Rules and Procedures are developed within the context of the ASEANSAI Agreement. Where relevant and appropriate, certain provisions in the Agreement have been incorporated into the Interim ASEANSAI Rules and Procedures. The Rules and Procedures Committee has also proposed an annual audit of the ASEANSAI accounts to be carried out instead of once in every two years, as was agreed during the Senior Officials Meeting in October 2011.

The Secretariat distributed the Interim ASEANSAI Rules and Procedures to all ASEANSAI members to seek their approval and it will be effective as soon as the approval from all members is received.

THE FIRST DRAFT OF THE ASEANSAI STRATEGIC PLAN FINALIZED

The Chairman of the Audit Board of the Republic of Indonesia Hadi Poernomo who is also the Chairman of ASEANSAI opened The Third Meeting of The ASEANSAI Strategic Planning Committee at Atlet Century Hotel, Jakarta on September 24, 2012. The event that took place until September 27, 2012 was attended by all members of ASEANSAI Strategic Plan Committee. They were The National Audit Department of Malaysia (JAN Malaysia), Commission on Audit (COA) Philippines, The State Audit of Vietnam (SAV) and The Audit Board of the Republic of Indonesia (BPK).

In his speech, Nguyen Van Quoc, the representative from the SAV as the Chair of the Strategic Planning Committee, mentioned that the Strategic Planning Committee was formed to develop a strategic plan of the ASEANSAI for the period of 2014 - 2017, as a guide to determine the strategic direction, goals and objectives of the ASEANSAI that describe how the ASEANSAI intends to achieve its vision and fulfill its mission. The meeting in Jakarta was the third meeting. The first meeting of the Committee was held in Kota Kinabalu, Malaysia on February 9-11, 2012 while the second meeting was in Hanoi, Vietnam on May 14-17, 2012.

The Secretary General of BPK RI, who is also the Head of the ASEANSAI Secretariat, Hendar Ristriawan, explained to participants in his report that the Committee had succeeded to formulate the draft of the ASEANSAI Strategic Plan 2014-2017 including vision, mission and core values of the ASEANSAI. The committee will finalize the first draft of ASEANSAI Strategic Plan.

According to the Chairman of BPK RI, the Strategic Planning Committee could develop the ASEANSAI Strategic Plan that would provide a clear guidance for the ASEANSAI. "The Strategic Plan will be a direction for developing the capacity of members of ASEANSAI, promoting accountability of ASEAN Community, strengthening INTOSAI and ASOSAI programs as well as developing cooperation with other international institutions" the Chairman said.

The third meeting was expected to produce the final draft of the ASEANSAI Strategic Plan, Key Performance Indicators, Implementation Matrix and the Monitoring and Evaluation System to implement the strategic plan. "I hope that in this meeting, all participants can actively participate and be involved in the discussion, so that the first draft of the ASEANSAI strategic plan can be finalized as planned," the Chairman said at the end of his speech.

IMPROVING QUALITY OF THE STATE AUDIT OFFICE OF VIETNAM ‘S AUDIT REPORT

State Audit Office of Vietnam

With more than 18 years of development, the State Audit Office of Vietnam (SAV) has always focused on improving quality of audit operation in general and quality of the audit reports in particular as well as other SAIs. SAV has implemented many solutions comprehensively and widespread to improve quality of the audit and audit report as the following:

- (1) Strengthening discipline in the working, monitoring closely the implementation of professional ethics, behavior culture; preventing and solving the violations in the audit activities, honoring the good images.
- (2) Focusing the in-depth audit, determining the objective and focus point to apply the appropriated audit methods; enhancing the audit quality in order to evaluate the management and operation; enhancing the performance audit in many aspects, attacking the new field and sensitive issues concerning by social community.
- (3) Improving the responsibility, efficiency and effectiveness of the Departmental Council in evaluating the audit planning and report.
- (4) Renovating the training methods, the auditor's guidance, especially for the new auditors;
- (5) Reviewing the files' system, audit forms, methods, audit processes and procedures to supplement or modify according to the fact, reforming the administrative procedures.

The audit report was created on the basis of the audit evidence and evaluated and approved tightly by 03 levels as: the audit team level, departmental Council (established by Director of Regional Offices and Specialized Departments), SAV's top management with support from the Department of General Affairs and Legal Department.

In recent years, the audit reports has detected many findings about the policy violations. Therefore, it has made the recommendations to increase revenues, reduce costs and other financial accounts with the total amount of 10,000 VND. Besides, the audit reports also pointed to the ministries, localities and units to reorganize the financial and budgetary management; help the audited entities especially the state corporations to recognize their financial status, overcome their weaknesses, contribute to combat corruption, loss, waste, detect and prevent policy violations, provide the accurate and timely information about the management and fund using of all levels and national projects for the supervision from National Assembly and People's Committee. There are many proposals to the National Assembly, Government and People's Committee to amend and finalize the legal documents, financial regime (2009: 45 documents, 2010: 60 documents; 2011: 69 documents), contribute to strengthen the effectiveness, transparency and

sound management of the national financial.

Since 2012, SAV has issued a new audit reports' system in all areas. Therefore, the audit reports are more streamlined and appropriate with the reality of management, ensure logic and avoid duplication in the evaluation. SAV releases annually the audit reports. The results of audit reports have created the trust from the National Assembly, Government and people.

In order to improve quality of the audit reports, SAV should research and implement many comprehensive solutions as the followings:

Firstly, it is identified that the person is the key factor to determine the audit report's quality. Hence, it should be further renovated in the staff training such as recruitment the experienced staff to implement the performance audits, the specialized audits, encouraging and standardize the staff to study ACCA, CPA.

Secondly, further improving quality of the audit activities and audit reports, ensuring the timeliness of information in the audit reports, enhancing the inspection and the audit quality control .

Thirdly, it is necessary to amend the SAV's legal status and its operation to the Constitution. Besides, it also need to finalize the State Audit Law and relevant regulations to ensure the synchronization of SAV organization and operations' documents.

Fourthly, strengthening the international and national relationship to develop the projects, exchange the practical experiences, conduct the joint audits in order to improve the audit capacity and effectiveness

