

**THE ROLE OF BPK RI
IN PROMOTING
STATE FINANCIAL
GOVERNANCE IN INDONESIA**

by

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Brunei Darussalam

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GREETING



**Auditor General of Brunei Darussalam,
HE Pengiran Haji Abdul Rahman bin Pengiran Haji Mat
Saleh as Vice Chairman of ASEANSAI**



**Auditor General of Malaysia,
HE Tan Sri Dato' Setia Ambrin bin Buang,**



**Mr. Hadi Poernomo, the Chairman of the Audit Board of
the Republic of Indonesia and the Chairman of the
ASEANSAI**

ASEANSAI members

**The Audit Board of the
Republic of Indonesia or
BPK's experience
relating to our roles in
promoting state-
financial governance in
Indonesia**





**In promoting the state
finance governance have
been significantly recognized
since 1999**

ROLES OF BPK



Significant national reform in Indonesia

Which brought major changes in the system of politics, government, economy and state finances.

There was public demand in better transparency and accountability,



To respond the reform demand

Actually, the financial management reforms started at the local government

there are some new changes in Indonesian state finance management, especially relating to transparency, accountability, efficiency, and effectiveness.



In 2003-2004, the state finance governance at the local level needed to be synchronized with that at the national level due to the new laws on state finance, namely:

1.17/2003 on State Finance;

2.1 /2004 on state treasury;

3.1 5/2004 on on State Finance Audit.



Important changes is referring to accountability mechanism

Based on that new mechanism, the government has to present a set of annual financial statements based on the government accounting standard.

The financial statement comprises of Budget Realization Report, Balance Sheet, Cash Flow Statement and Notes to the Financial Statements.




In order to fulfill the obligation to present those financial statements,

The governmental accounting standards was issued in 2005 with “Cash Toward Accrual Base”

This standard has been updated with the new one applying “Accrual Base” in 2010.



SAI must be concerned in the application of good governance.



**We believe that
consistent
application of
governance
principle**

**will give much
more benefit
to our SAI, our
people and
our nation.**



**To manage state finance
efficiently, effectively,
transparently and accountable**

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- **The government entity shall implement the internal control system.**



THIS OBLIGATION HAVE BEEN REALIZED THROUGH THE PUBLICATION OF THE FULL AUDIT REPORT, THE INVOLVEMENT OF EXTRNAL PARTIES AS MEMBERS OF BPK ETHICAL COUNCIL, THE AUDIT OF BPK FINANCIAL STATEMENT BY PUBLIC ACCOUNTANT
BPK peer review by another SAI:

1.  The Netherlands Court of Audit 2009;
2.  The New Zealand Audit Office 2004.

BPK is authorized to perform three types of audit

- 1 Financial audit,**
- 2 Performance audit,**
- 3 Special purpose audit.**



Several factors indicating that the governance in Indonesia is being improved.



1

The quality of financial statement is increasing confirmed with the good trend of financial statement obtaining unqualified opinion

Several factors indicating that the governance in Indonesia is being improved.

2

There are state finance system enhancements based on BPK recommendation.

For instance, improved administration of the state asset by establishing treasury single account and the physical inventory and valuation of fixed asset



Several factors indicating that the governance in Indonesia is being improved.

3

Third, as a result of BPK performance audit, major improvements existed in the area of public service such as business process simplification, setting up key performance indicator, and harmonization between regulation and internal policies.



Several factors indicating that the governance in Indonesia is being improved.



- 4 BPK's recommendation has been followed up by returning assets to government entities or cash settlement to the state/local/enterprise treasurer.**

Several factors indicating that the governance in Indonesia is being improved.



- 5 BPK has submitted findings to law enforcement agencies to be further investigated or prosecuted before the court.**

ENHANCING A GOOD GOVERNANCE

**BPK applies two main
strategies:**



- 1 Building BPK capacities**
- 2 Increasing synergy with all BPK stakeholders.**



BPK is also committed to realizing the National Program of Bureaucracy Reform effectively to make BPK's leading by example.

BPK improves its institutional capacities by implementing the Strategic Plan to enhance audit resources, process and outputs.



Governance improvement agenda can only be pursued through BPK synergy with various stakeholders, such as non-governmental organizations (NGO), academics, the professionals/practitioners, the press, mass media and journalist, and the business.

In addition, regional and global synergies are also needed in promoting governance.



Brunei

Cambodia

Indonesia

Lao PDR

Malaysia

Myanmar

Philippines

Singapore

Thailand

Vietnam

THANK YOU
TERIMA KASIH