



Signing Agreement Ceremony on Bilateral Cooperation between Dr Mrs. Viengthong Siphandone the President of SAO and Mr. Sergey V. Stepashin the Chairman of Account Chamber of Russian Federation in Moscow

The President of State Audit Organization (SAO) and other delegates had successfully visited Account Chamber of Russian Federation on 8th -12th June, 2013. The official meeting between the SAO who acted as Supreme Audit Institution of Lao PDR and Account Chamber who acted as Supreme Audit Institution of Russian Federation was immensely successful and yielded with fruitful outcomes which aimed to develop a tight bilateral cooperation on auditing.

During the meeting, the heads of two Supreme Audit Institutions (SAIs) were exchanging and sharing ideas in the form of bilateral cooperation on auditing. Importantly, the two sides had signed the Agreement on bilateral cooperation by setting trends of cooperation included exchanging both high ranked delegations and technical staff, and enhance sharing experiences and knowledge on auditing, particularly auditing on different sectors through training and seminar. Based on the signed Agreement, two sides will productively take the implementation of agreed areas of cooperation into account.

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THE UNIQUENESS

Gardens by the Bay

Gardens by the Bay is an integral part of a strategy by the Singapore government to transform Singapore from a “Garden City” to a “City in a Garden”. The award-winning horticultural attraction is Singapore's latest iconic development, spanning 101 hectares of reclaimed land adjacent to the Marina Reservoir.

Less than a five-minute walk from Marina Bay, the Gardens is split into three waterfront spaces: Bay South, Bay East, and Bay Central, which connects the first two.

Bay South is where the impressive Supertrees are located. These 16-storey-tall vertical gardens collect rainwater, generate solar power and act as venting ducts for the park's conservatories. A suspended 128-metre-long walkway between two Supertrees offers a bird's eye view of the Gardens and the Marina Bay urban area. Every evening, a sky show of dazzling lights and sounds takes place amidst the Supertrees.

Bay East features pretty pavilions, lush lawns, tropical palm trees and natural blossoms, along with a two-kilometre waterfront promenade offering an unobstructed view of the of the Marina Bay financial district skyline.

The cooled conservatory complex, located at Bay Central, offers a reprieve from the tropical heat. The complex won the World Building of the Year award at the World Architecture Festival 2012. The two domed conservatories is home to over 250 thousand rare plants, housing plant species from around the world such as baobabs and date palms.

Gardens by the Bay captures the essence of Singapore as the premier tropical Garden City with the perfect environment in which to live and work - making Singapore a leading global city of the 21st century.

ASEANS AI

NEWSLETTER

VOLUME III/2013



The ASEANS AI Secretariat conducted the 2nd ASEANS AI Senior Officials' Meeting on August 28th, 2013. This meeting was held parallel with the 4th ASEANS AI Strategic Plan Committee Meeting which was conducted on August 27th-30th, 2013 in Manila, Philippines. This meeting was attended by 10 members of ASEANS AI. The ASEANS AI SOM aimed to discuss about the strategic issues such as Permanent Secretariat, rules and procedures, relation with donors, logo, ASEANS AI Song, Chairmanship of Committee, and the tentative agenda of the ASEANS AI General Assembly in Brunei Darussalam in November 2013. Meanwhile, the Strategic Plan Committee Meeting aimed to finalize the draft of the ASEANS AI Strategic Plan 2014-2017 before its endorsement in the General Assembly in Brunei Darussalam in November 2013.

In the Senior Officials' Meeting, all senior officers represented all members of ASEANS AI agreed about three approaches that the donor cooperation should take to have cooperation with ASEANS AI, which were regional, demand-driven and coordinated. The

THE 2ND ASEANS AI SENIOR OFFICIALS' MEETING AND THE 4TH ASEANS AI STRATEGIC PLAN COMMITTEE MEETING

Secretariat of ASEANS AI would develop the draft of MOU with the potential donor representatives and will ask the approval from the Assembly, and if approval is received from the Assembly and also from the donor organizations, the MOU will be signed at the General Assembly Meeting in Brunei Darussalam.

During the SOM, they also agreed that the revision of the ASEANS AI Agreement to incorporate the function of the

Permanent Secretariat and the Administration Office.

The meeting also came to the decision that the Chairmanship and Membership of all Committees would remain the same. The SAI of Myanmar proposed to join the Training Committee for the next term.

All session of meetings were ended with the report from Mr. Tien Xuan Doan, Deputy Auditor General State Audit of Vietnam as the Chair of ASEANS AI Strategic Plan Committee and the closing remark from Mr. Hendar Ristriawan, the Head of ASEANS AI Secretariat.

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SECRETARIAT’S NOTE



Time flies so fast. It almost two years since ASEANSAI was established in November 2011. This edition of newsletter will mainly report the preparation of the handover of chairmanship from the Audit Board of the Republic of Indonesia (BPK RI) to Jabatan Audit Brunei. Concerning the handover of ASEANSAI’s Chairmanship, the ASEANSAI Secretariat conducted 2nd Senior Official Meeting parallel with the 4th ASEANSAI Strategic Plan Committee Meeting in Manila, The Philippines on August 27th-30th, 2013. The meeting aimed to discuss about some strategic issues of ASEANSAI before the handover of chairmanship from BPK to Jabatan Audit Brunei (JA Brunei) on the ASEANSAI General Assembly which will be conducted on November 6th-7th, 2013 in Brunei Darussalam.

Related to ASEANSAI General Assembly, JA Brunei also visited BPK on September 9th-12th, 2013. The purposes of this visit were to ensure a smooth transition of Chairmanship and Secretariat of ASEANSAI, transfer the knowledge how to run the secretariat to support the Executive Committee and ASEANSAI activities, and discuss about the bilateral cooperation between BPK and JA Brunei.

Meanwhile, the news also came from State Audit Organization (SAO). The President of SAO and other delegates have visited Account Chamber of Russian Federation on June 8th-12th, 2013. The visit aimed to develop a tight bilateral cooperation on auditing. Furthermore, to achieve what has been engaged to at the ISSAI Implementation Initiative workshop in Phnom Penh, Cambodia in last March, and the State Audit office Vietnam (SAV) set up a task force of its own on assessment of ISSAIs compliance. After conducting assessment of ISSAI implementation and completed the assessment, SAV will issue its ISSAI Implementation Plan by March 2014.

In addition, as one of the bilateral cooperation activities, BPK and National Audit Department of Malaysia (JAN Malaysia) has conducted an activity entitled Social Interaction Program from August 26th to August 28th, 2013, in Medan, North Sumatera, Indonesia. Activities that were conducted between two SAIs are sharing knowledge and social activities which involved some auditors from the regional office of both SAIs. In this program, BPK shared knowledge about the study on the role of government internal audit unit (APIP) to increase state finance accountability in relation with BPK RI’s audit.

For the Uniqueness column, Auditor-General’s Office Singapore will present Gardens by the Bay as the tourism destination in Singapore.

Finally, I would like to say thank you to SAI Cambodia, Lao, Vietnam, and Singapore for their contribution to this newsletter and I encourage to other members to actively give contribution for the next edition of ASEANSAI newsletters.

Thank you

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ACTIVITIES

COMPLIANCE WITH ISSAIs: THE STATE AUDIT OFFICE OF VIETNAM STRIVING FOR ITS COMMITMENTS



To achieve what has been engaged to at the ISSAI Implementation Initiative workshop in Phnom Penh, Cambodia last March, later that month SAV set up a task force of its own on assessment of ISSAIs compliance. Key members of the team are those participated in e-learning courses on ICATs held by IDI earlier.

After conducting assessment of ISSAI implementation within SAV at both level 2 and level 4, two internal workshops have been organised respectively in May 2013 and September 2013 to consult institution-wide comments on the assessment results. Under the team’s work plan, after having completed the assessment from the result of the 2nd workshop, SAV will issue its ISSAI Implementation Plan by March 2014.

Implementing the plan is key to SAV Development Strategy to 2020. To ensure its successful implementation, SAV will among others develop separate plans to communicate and disseminate about ISSAI implementation by means of circulating various documents and posting news articles in its publications and media, and holding press conferences, dialogues and seminars, etc. It attaches great importance to inform the National Assembly, the government and its agencies, audited entities, professional bodies and the public about its ISSAI implementation progress. Heightened awareness and involvement of such stakeholder agencies into SAV’s ISSAI implementation will definitely contribute a great part to the success of the plan, and hence help SAV fulfill its commitments thereto.

SOCIAL INTERACTION PROGRAM BETWEEN BPK AND JAN MALAYSIA

As one of the bilateral cooperation activities, the Audit Board of the Republic of Indonesia (BPK) and National Audit Department of Malaysia (JAN) has conducted an activity entitled Social Interaction Program on 26th - 28th August ,2013 in Medan, North Sumatera, Indonesia. Social interaction program is a sharing knowledge and social activities program between BPK and JAN Malaysia which is involving auditors of each regional offices from both SAIs. The topic of the sharing knowledge is based on current issues in public sector auditing.

BPK delegates was led by Board Member V of BPK, Mr. Agung Firman Sampurna, as for JAN Malaysia the delegates led by Deputy Auditor General of Malaysia, Dato ‘ Mustafa bin Hj. Saman. JAN Malaysia delegates consists of 24 auditors and/or assistant auditors which are representative from Northern State of Regional Audit Offices of Malaysia, such as Kedah, Perak, Penang and Perlis regional offices.

This program was held into two different activities, sharing knowledge forum and sports activities. On the sharing knowledge session, BPK shared its experiences on the Audit of Road Infrastructure, while JAN Malaysia gave a presentation on the Audit on Municipality’s Cleanliness Activities.

On the second session, both SAIs had sport activities. Besides futsal, most of the sports activities conducted were Indonesian traditional games, such as futsal, eating crackers, sack race and catching eels. These kind of games are usually done to commemorate Indonesia’s Independence Day on August. The sport activities conducted in order to strengthen social relationships between auditors at each regional offices of both SAIs.

For the next plan, the two SAIs agreed to conduct the social interaction program in the Northern State of Regional Audit Offices of Malaysia and it was planned to be held around February-March 2014.



THE PREPARATION OF TRANSITION OF ASEANSAI CHAIRMANSHIP AND SECRETARIAT



On September 9-12th, 2013, Jabatan Audit Brunei Darussalam visited The Audit Board of the Republic of Indonesia (BPK) for the purpose of having a pre-meeting to discuss about the transition process of ASEANSAI Chairmanship and Secretariat. The Chairmanship and Secretariat of ASEANSAI for the period of 2012-2013 will be ended in November 2013. The Chairmanship and Secretariat of ASEANSAI will be transferred from the Audit Board of the Republic of Indonesia to Jabatan Audit Brunei Darussalam for the period of 2014-2015.

The discussion was held at the Head Office of BPK in Jakarta, Indonesia. Brunei delegates was led by Mr. Matali bin Haji Yusof (Acting Deputy Auditor General). He was accompanied by Ms. Hajah binti Haji Abdul Halim (Acting Assistant Auditor General Grade I), Mr. Lim Lin Teck (Auditor), Mr. Fakhrol Anwar bin Jasdi (Auditor). The purposes of the discussions were to ensure a smooth transition of Chairmanship and Secretariat of ASEANSAI, to transfer the knowledge how to run the Secretariat to support the Executive Committee and ASEANSAI, and to discuss about the bilateral cooperation between BPK and Jabatan Audit Brunei.

In the first day of visit, the delegation was received by Mr. Hadi Poernomo, Chairman of ASEANSAI, and Mr. Hendar Ristriawan, Head of ASEANSAI Secretariat. Afterwards, for the next three days visit was continued by discussions related to the ASEANSAI handover and bilateral cooperation.

During the meeting, Brunei Delegates was explained about all works of ASEANSAI Secretariat such as how to manage ASEANSAI activities, administrative works, how to make relation with other stakeholder, as well as how to manage ASEANSAI Website and ASEANSAI Newsletter. The meeting also discussed about the tentative agenda for ASEANSAI General Assembly that would be held in Brunei Darussalam on November 6-7th, 2013. In the last day of visit, BPK and Jabatan Audit Brunei discussed about the continuation of bilateral cooperation between two institutions.

STUDY ON ROLE OF GOVERNMENT INTERNAL AUDIT UNIT (APIP) TO INCREASE STATE FINANCIAL ACCOUNTABILITY IN RELATION WITH BPK’S AUDIT

**Nalini Asfaroyani*

External and internal auditors, in relation to an organization, have some differences in terms of audit scopes and audit objectives. However, they share similarities in terms of the organization’s internal control effectiveness. To fulfill their assurance responsibilities, both auditors need to cooperate in order to perform audit in such an economical, efficient and effective manner.

The cooperation between The Audit Board of the Republic of Indonesia (BPK) and the agencies’ internal audit units (APIP) focus on performing audits that potentially give impact on financial statements’ fairness as well as financial management’s efficiency and effectiveness. Facing problems on limited audit resources and time limitations, the cooperation between both parties shall be a logical solution. Law Number 15 Year 2004 - Audit on State Financial Management and Accountability provides BPK a legal basis to empower APIP in order to support BPK’s audit responsibility. Based on the condition above, BPK’s Research and Development (R&D) Directorate decided to perform a study regarding APIP’s role on increasing the state financial accountability in relation to BPK’s audit.

The study was conducted using various methodologies, namely: (1) theoretical, legal, and practical analysis; (2) focus group discussion with auditors; and (3) field survey with BPK and APIP auditors as respondents. The study took six months to be completed since it involved 85 internal audit units/ inspectorate of ministries and regional government and 49 echelons level-2 of BPK.

The result shows that BPK can make use of APIP’s audit report as a source of information to strengthen its audit planning and it is even possible for BPK to use APIP’s auditors to join BPK’s audit teams. From legal perspective, BPK is entitled to do so, taking into account the APIP condition, its independency and integrity. Based on the study result, APIP’s audit reports are still considered as having low quality and having subjective tendency in their contents. Further, being part of the agencies, most of APIPs still have constraints to

be independent from the agencies’ top managements. Moreover, the competency of most audit staffs are also still in question due to lack of relevant educational background, audits related-training, and international/national level audit certification. The quantity of APIP auditor is also not sufficient to carry out necessary assignments efficiently and effectively. It is only 16,83% of personnel who are available from the number of required auditors.

Regarding cooperation between BPK and APIP, the study explains that APIP’s most significant role is on monitoring follow-up actions upon BPK’s audit results. APIP is a coordinator for submitting, discussing, and taking follow up action for the audit result. However, cooperation at the planning and reporting stage between BPK and APIP are still unclear and rarely to happen. The condition is due to the absence of law regulating cooperation between BPK and APIP itself and the lack of communication between them. These can be seen from unresolved disagreement on BPK’s audit finding, and audit engagement on the same topic at the same time by both of them.

In regard to those problems, R&D Directorate of BPK suggests there is an urgent need to build cooperation legal framework for BPK and APIP that regulates form of cooperation allowed, including its scope and limitations. A formal forum between BPK and APIP is also needed to provide a place to discuss the problems and solutions. To enable empowerment and cooperation, APIP needs to develop their capabilities starting from personnel selection process to skill development program. To add the number of audit personnel and budget also need to be priority for APIP. Transfer of knowledge from BPK’s to APIP’s auditor through training is also a possible way to increase the auditor competency, which in the end will lead to better and usable APIP’s audit report.

Note: Full research study result and references are available upon request.

**Research and Development staff of The Audit Board of the Republic of Indonesia*