

# **WHAT IS THE ROLE OF AUDIT IN A NEW DEMOCRACY SUCH AS INDONESIA?**

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# **HISTORY.**

## **1945 Constitution**



# POWER



# **AUTHORITY AND MODERNITY**

Law Number 15 2004.

Audit of Management and Responsibility for  
State Finance.

UU RI Nomor 15 Tahun 2004

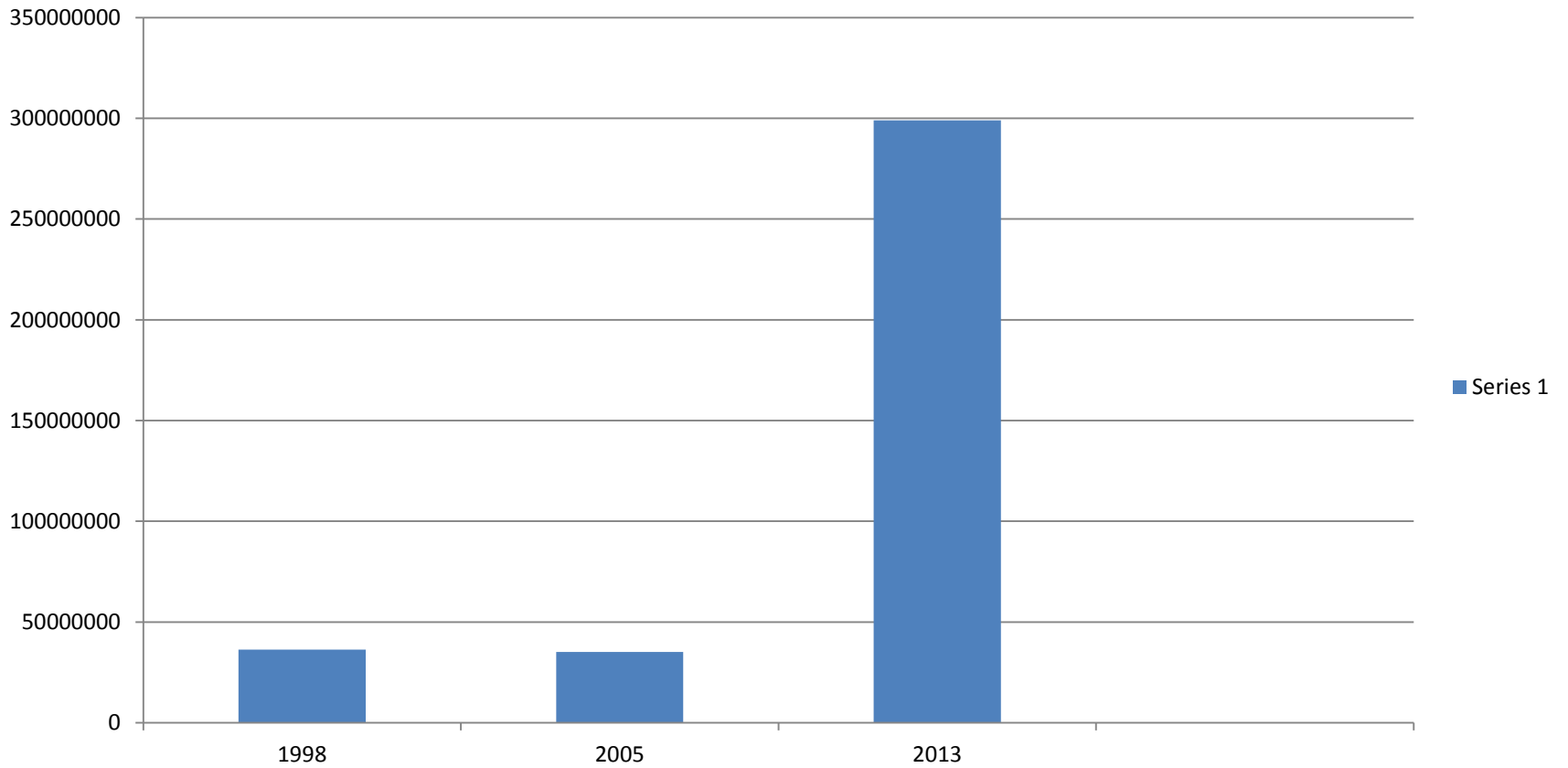
Tentang Pemeriksaan Pengelolaan dan Tanggung  
Jawab Keuangan Negara

# RESOURCES



# GROWTH

## BPK'S BUDGET. A\$

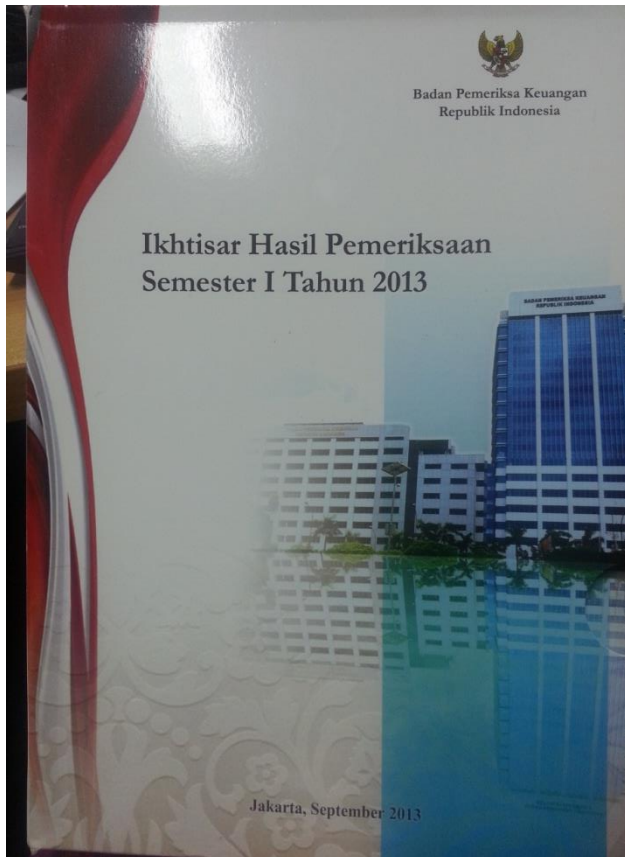


# PRODUCTIVITY

## Trends in BPK Auditing



# SECRECY





# NATIONAL FOCUS?

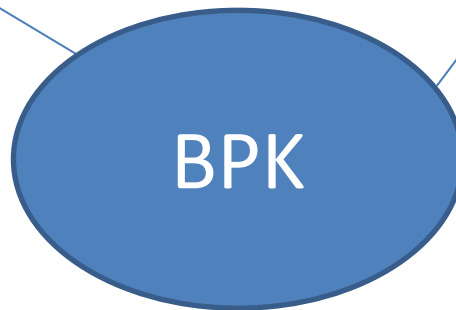
## 11 PRIORITIES OF THE INDONESIAN GOVERNMENT AND BPK'S SEMESTER PERFORMANCE AUDIT REPORTS, SEPTEMBER 2010 – MARCH 2013

- Bureaucratic and governance reform, 23 reports.
- Education, 2 reports.
- Health, 2 reports.
- Anti-poverty programmes, 2 reports.
- Food security, 1 reports.
- Infrastructure, 4 reports.
- Investment in science and industry, 3 reports.
- Energy, 3 reports.
- The environment and management of natural disasters, 3 reports.
- Local government, 213 reports.
- Creative culture and innovative technology, 2 reports.

# POPULAR IMAGE OF AUDIT



# AN INTERNATIONAL VIEW



**BPK**

# IS THIS THE RIGHT ROLE FOR THE AUDITOR?



# A THREE PERSON DANCE?



# WHY AUDIT? (1)



- Promote accountability
- Promote transparency.

# WHY AUDIT? (2)

Where is the goal of improving public administration?



# TRADITION

- Compliance always
- Corruption focus
- Auditing as policing
- Misunderstanding and hope about audit
- Limited experience in improving public administration, other than through better controls



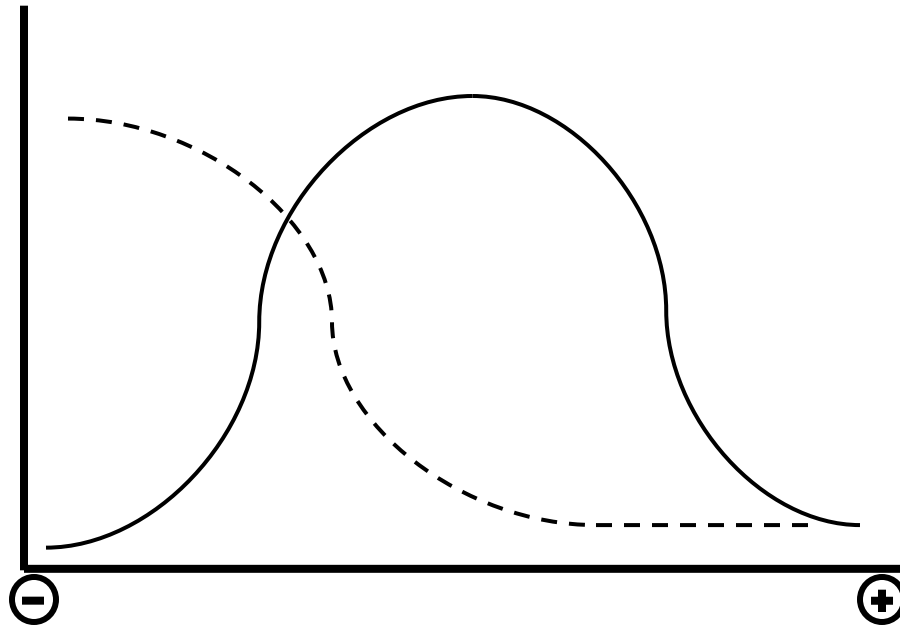
# WHAT IS THE BEST WAY FOR DPR TO SELECT BPK MEMBERS?



# THE EFFECT (1)



# THE EFFECT (2) – UNREASONABLE EXPECTATIONS



**WEAK DEMAND AND SMALL SUPPLY**

# DEMAND FACTORS

- Govt – BPK's small role in administrative reform
- Legislature – BAKN and PAP
- Public

# SUPPLY FACTORS

- BPK's business model
- First anti-corruption and second is government services
- Patience of Indonesian citizens
- Limited understanding of performance audits
- Overly ambitious
- BPK-ANAO project

# THE FUTURE

- Stronger demand from government for audit to play a constructive role?
- Clearer demand from DPR-DPD?
- New system for appointing Board members
- New mission and an end to secrecy
- Polish peer review
- Humility