



**THE AUDIT BOARD OF
THE REPUBLIC OF INDONESIA**

STRATEGIC PLAN

2011 - 2015



Independence | Integrity | Professionalism

VISION

Becoming a credible public finance audit institution by upholding core values in order to play an active role in encouraging the establishment of transparent and accountable public finance management



Framework of BPK's Strategic Plan

Mission

1. Auditing the management and accountability of public finance;
2. Providing recommendations to improve the quality of management and accountability of public finance; and
3. Playing an active role in detecting and preventing all forms of financial abuse and fraud.

Strategic Goals	Strategic Objectives
Supporting the establishment of public finance management that is orderly, in compliance with laws and regulations, economical, efficient, effective, transparent, and accountable with due attention to justice and fairness	<ul style="list-style-type: none">• Enhancing the effectiveness of the follow up of audit results and meeting the expectations of stakeholders
Establishing qualified audit processes in order to produce audit reports that are useful and meet the needs of stakeholders	<ul style="list-style-type: none">• Improving the function of audit management• Improving the quality of providing opinions and judgments• Increasing the acceleration of treasury claims management and monitoring the settlement of public loss indemnification• Improving the effectiveness of the implementation of the quality assurance system• Complying with and harmonizing regulations relating to the audit of public finance
Establishing modern bureaucracy in BPK	<ul style="list-style-type: none">• Increasing the quality of the organization and administration• Improving human resources competency and management support• Increasing the standard and quality of facilities and infrastructures• Increasing the effectiveness of budget utilization

CORE VALUES

Independence | Integrity | Professionalism

Message from the Chairman of BPK



BPK has been going through extremely significant developments within the past decade. Since the issuance of the package of laws on public finance in 2003-2004 and the stipulation of Law No. 15/2006 regarding The Audit Board of the Republic of Indonesia in lieu of Law No. 5/1973, the role and position of BPK as a public finance audit institution has been strengthened in terms of audit, organization, staff and budget.

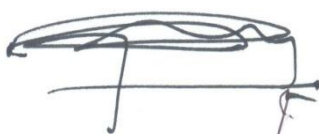
There has been an increasing attention from stakeholders, both from representative institutions, the government, and general public on BPK's audit results. Many parties await and take notice of BPK's opinion on the government's financial reports. Some results of BPK's performance and investigative audits have become general reference documents for the mass media. This increasingly strengthens the spirit of BPK to transform the audit paradigm from a "necessity" to a "need" to make a developed, just and prosperous Indonesia.

The transformation of the audit paradigm from a "necessity" to a "need" will be achieved through the extension of the audit scope by utilizing information technology extensively in obtaining and analyzing information owned by the auditee (e-audit) and information derived from the results of BPK's previous audits. Later, with the data center, BPK will be able to carry out the recording, processing, exchange, utilization and monitoring of data from various parties in auditing the management and accountability of public finance. The implementation of e-audit is expected to enhance the synergic relationship between BPK and external parties and also among BPK's internal parties so that the optimization of management and accountability of public finance can be achieved.

As a form of BPK's appreciation for the good response from stakeholders, BPK has committed itself to submit even better audit results in 2011-2015. BPK's strategic plan 2011-2015 has been prepared by focusing more on meeting the expectations and needs of stakeholders, improving core business processes, improving institutional capacity and improving the competence of its human resources.

Finally, we expect the Strategic Plan 2011-2015 to be a guide for BPK's staff in performing their duties through cooperation and effective communication with all of BPK's stakeholders.

Chairman



Hadi Poernomo

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BPK and Its Environment

Legal basis	<p>BPK is an audit institution in the Indonesian public administration system which has authority to audit the management and accountability of public finance. The position of BPK is vested in the articles 23E, 23F, 23G of the 1945 Constitution and Law No. 15 Year 2006 regulates the Audit Board of the Republic of Indonesia. In performing its duties and authorities, BPK is also supported by a set of laws in the field of public finance management, namely Law No. 17 Year 2003 regarding Public Finance, Law No. 1 Year 2004 regarding Public Treasury and Law No. 15 Year 2004 regarding Audit of Management and Accountability of Public Finance. Those laws affirm the position and role of BPK as a free and independent public finance audit institution.</p>
Audit conducted by BPK	<p>BPK has a duty to audit the management and accountability of public finance conducted by Central Government, Regional Government, other state institutions, Bank Indonesia, State-Owned Enterprises, Public Service Board, Local-Owned Enterprises and institutions or entities that manage public finance.</p> <p>Types of audit conducted by BPK consist of: (i) Financial Audit, in order to provide opinions about the level of fairness of information presented in government financial reports; (ii) Performance Audit, covering economic, efficient and effective aspects of government's programs and activities; and (iii) Special Purpose Audit, which is audit conducted for special purposes outside the scope of financial and performance audits. Audit of other matters related to finance, investigative audit and audit on call are parts of special purpose audit.</p>
Stakeholders	<p>The relevant parties to BPK's audit results are Representative Institutions (House of Representatives, Regional Representatives, Local Representatives); Government (auditees and law enforcement institutions); other institutions established under the law; Indonesian citizens; and international institutions.</p>

**Development
policy for the
next five years**

Public finance is one element in the administration of a state to realize the objectives of the state to achieve a just, wealthy, and prosperous society. In order to ensure public finance management is conducted transparently and accountably for the greatest prosperity of the people, a free, independent and professional audit institution is needed. The BPK's development policy for the next five years is focused on the improvement of BPK's role in creating transparent and accountable public finance management that supports the achievement of objectives of the state. The increase of BPK's role in accordance with "the Accountability Organization Maturity Model" is shown in the following functions :



In accordance with the current condition of Indonesia, BPK continues to conduct audits to detect and prevent financial abuse and fraud by paying attention proportionally to the increase of transparency, accountability, efficiency, and effectiveness of public finance management. In addition, BPK makes effort to provide assessments and opinions on the implementation of government policy. BPK performs these functions on the basis of the continuous quality improvement of BPK's audit and BPK's core values that consists of independence, integrity, and professionalism.

Vision, Mission and Core Values

Vision

Becoming a credible public finance audit institution by upholding core values in order to play an active role in encouraging the establishment of transparent and accountable public finance management

Missions

1. Auditing the management and accountability of public finance;
2. Providing recommendations to improve the quality of management and accountability of public finance; and
3. Playing an active role in detecting and preventing all forms of financial abuse and fraud.

Core Values

In performing its missions BPK maintains core values as follows:

Independence	We uphold independence institutionally, organizationally, and individually. In all matters concerning audit, we are free in our mental attitude and appearance from personal, external, and organizational issues that may affect independence.
Integrity	We support the value of integrity by being honest, objective, and firm in applying principles and values in making decisions.
Professionalism	We build the value of professionalism by applying the precautionary principle, accuracy, and precision on the basis of applicable standard.

Strategic Goals

Through its missions, BPK commits to accomplish the following strategic goals:

1. Supporting the establishment of public finance management that is orderly, in compliance with laws and regulations, economical, efficient, effective, transparent and accountable with due attention to justice and fairness.
2. Establishing qualified audit processes in order to produce audit reports that are useful and meet the needs of stakeholders.
3. Establishing modern bureaucracy in BPK.

Strategic Objectives

As a further explanation of the strategic goals, BPK has determined ten strategic objectives as follows:

Enhancing the effectiveness of the follow up of audit results and meeting the expectations of stakeholders (SO1)

Well-managed public sector finance is defined as being orderly, in compliance with laws and regulations, economical, efficient, effective, transparent and accountable with due attention to justice and of fairness.

To improve its role in promoting the establishment of well-managed public finance management, BPK seeks to establish effective two-way communication with all stakeholders. Effective communication includes the effort to provide clear and accurate information, choose appropriate communication media, and ensure good reception of information by all stakeholders. Effective communication focuses on the process of building public awareness about the mandate, role, and work of BPK, including its audit reports. Ultimately, BPK will be able to provide accurate information regarding the quality of public finance management. BPK can also capture information feedback from the public that will be important for the improvement of BPK's business processes.

Through this strategic objective, BPK expects contribution and participation from all stakeholders in improving the effectiveness of the follow-up of BPK's audit reports and in accelerating efforts to improve the quality of public finance management comprehensively.

Improving the function of audit management (SO2)

Audit management includes the strategic and annual audit planning, individual audit planning, audit fieldwork, and reporting audit results for all kinds of audits conducted by BPK.

Through this strategic objective, BPK performs the quality assurance on audits in accordance with public finance auditing standard, the code of ethics, as well as the stakeholders' needs and interests. This strategic goal also includes the effort to increase the coverage of the financial audit, performance audit and special purpose audit. BPK commits to improve the function of audit management through a more effective and efficient audit by maximizing the utilization of the audit budget and information technology. Good audit management will provide audit results that are in accordance with stakeholders' needs and are useful for stakeholders in making decisions.

Improving the quality of providing opinions and judgments (SO3)

BPK can provide opinions to stakeholders as part of its duties. The opinion provided by BPK can include corrections in the fields of revenues, expenditures, loans, privatizations, liquidations, mergers, acquisitions, government capital participation, government guarantees, and other fields relating to public finance management and accountability. Besides that, BPK can also provide judgments on the settlement of the public indemnification determined by the government.

BPK's authority in auditing public finance management enables it to have data and information on public finance necessary for giving opinions and judgments to meet stakeholders' expectations.

Increasing the acceleration of treasury claim management and monitoring the settlement of public loss indemnification (SO4)

Public loss is the loss of money, securities and/or goods with fixed and real amounts as a result of intended or unintended offences against the law. BPK evaluates and/or defines the amounts of public losses caused by intended or unintended offences against the law done by the treasurer, state-owned/regional-owned enterprises' managers, and other agencies or institutions conducting public finance management. BPK monitors the settlement of the public indemnification in all central and regional governmental agencies as well as state-owned and regionally owned enterprises.

Through this strategic objective, BPK wants to accelerate the determination process of the public loss caused by the treasurer, state-owned and regional-

owned enterprise managers, and other agencies and institutions, in accordance with regulations. On the other hand, BPK will make an effort to provide a complete, accurate, and timely data concerning the status of the settlement of the public indemnification for assuring the payment of the public loss.

Improving the effectiveness of the implementation of the quality assurance system (SO5)

BPK as a professional institution is expected to continually improve: (1) its institutional capacity, (2) its human resources competency based on the development of auditors, as well as (3) its audit results to ensure that they are free from mistakes and in line with changing stakeholders' interests.

Through this strategic objective, BPK commits to implement the quality assurance management system (SPKM) consistently and continuously.

Complying with and harmonizing regulations relating to the audit of public finance (SO6)

In conducting the audit of the public finance management, BPK has the authority to formulate regulations for ensuring the implementation of its authority. BPK's authority as stated in the law includes the authority to access all data and information related to public finance management and to manage the tools needed to conduct the audit.

Through this strategic objective, BPK commits to finalize the regulations needed and to be actively involved in harmonizing regulations related to public finance management and audit.

Increasing the quality of organization and administration (SO7)

BPK's authorities and duties have to be accommodated in an effective organizational structure equipped with all organizational tools. Through this strategic objective, BPK aims to establish a flexible organization that has built-in efficiency in its structural composition and where the majority of functions are supported by a clear job description to ensure high quality standard of work.

Improving human resources competency and management support (SO8)

As an organization that relies on the skills and capability of its staff, human resources are the most important asset of BPK. Therefore, the addition of the quantity of auditors and the development of the capability as well as the competency of BPK's staffs become the main priority to achieve qualified audit

results. On the other hand, BPK needs to provide a conducive work environment to attract the best officers, as well as through the improvement of the officers' quality of lives.

Through this strategic objective, BPK makes an effort to arrange and implement integrated and comprehensive human resources management.

Increasing the standard and quality of work facilities and infrastructures (SO9)

BPK's high performance aim needs to be supported by the availability of sufficient work facilities which are in accordance with its standards. Through this strategic objective, BPK specifically commits to optimize the use of information technology by providing infrastructure and a network that support all BPK's activities. Furthermore, BPK will continuously improve other facilities and infrastructures for all units in BPK.

Increasing the effectiveness of budget utilization (SO10)

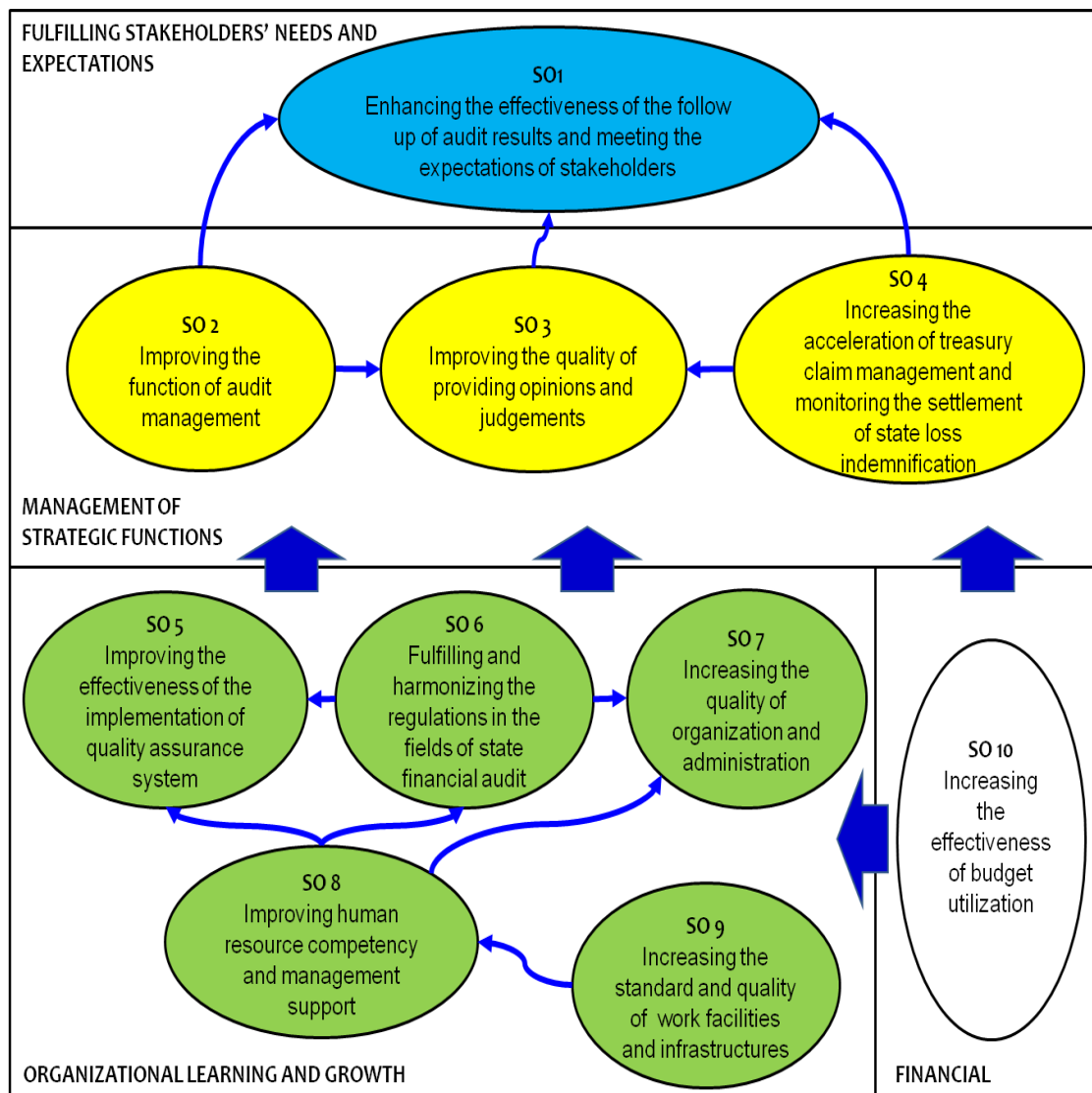
As an institution that uses public budget, BPK also has to manage public finance efficiently, effectively, and economically by prioritizing transparency and accountability.

Through this strategic objective, BPK commits to improve quality, order, and compliance in the process of planning, utilization, and accountability of BPK's budget according to regulations.

Beside budget accountability, this strategic objective also focuses on the optimal utilization of the budget to improve BPK's performance in conducting its duties and authorities.

Strategy Map

These ten strategic objectives are interrelated and mutually support the accomplishment of BPK's vision and missions. In order to communicate the strategies to all staff within the organization, BPK visualizes the interrelatedness among those strategic objectives in the following strategy map:



Key Performance Indicators

To measure the achievement of the Strategic Plan 2011-2015, BPK has determined the following key performance indicators (KPIs):

1. Percentage of followed-up of audit recommendations 2. Percentage of criminal reports (in the management of public finance) followed-up by law enforcement agencies 3. Satisfaction index of stakeholders regarding BPK's audit results	Impact Indicator
4. Number of published audit reports 5. Number of published performance audit reports 6. Number of published BPK's opinions 7. Number of published monitoring reports on the public loss indemnification	Result Indicator
8. Timely audit field work and reporting processes 9. Percentage of compliance of audits with the quality assurance system 10. Percentage of the settlement of treasury claims 11. Percentage of followed-up peer review recommendations 12. Percentage of the fulfillment of BPK regulations	Process Indicator
13. Percentage of the fulfillment of audit and non audit guidelines 14. Percentage of staff meeting the required competency standard 15. Percentage of auditors meeting the training hours standard 16. Employees' work satisfaction index 17. Percentage of the fulfillment of work facilities and infrastructures standards 18. Percentage of business processes using information and communication technology 19. Independent audit opinion on BPK financial statements 20. Percentage of budget utilization	Input Indicator

The relationship among the strategic goals, strategic objectives, and key performance indicators is further explained in the **Annex**.

Annex

MATRIX OF THE CORRELATION AMONG THE STRATEGIC GOALS, STRATEGIC OBJECTIVES AND KEY PERFORMANCE

Strategic Goals	Strategic Objectives	Key Performance Indicator
Supporting the establishment of public finance management that is orderly, in compliance with laws and regulations, economical, efficient, effective, transparent and accountable with due attention to justice and fairness	Enhancing the effectiveness of the follow up of audit results and meeting the expectations of stakeholders	1. Percentage of the followed-up of audit recommendations 2. Percentage of criminal reports (in the management of state finance) followed-up by law enforcement agencies 3. Satisfaction index of stakeholders regarding BPK's audit results
Establishing qualified audit processes in order to produce audit reports that are useful and meet the needs of stakeholders	Improving the function of audit management	4. Number of published audit reports 5. Number of published performance audit reports 6. Timely audit field work and reporting processes 7. Percentage of compliance of audits with the quality assurance system
	Improving the quality of providing opinions and judgments	8. Number of published BPK's opinion
	Increasing the acceleration of treasury claim management and monitoring the settlement of public loss indemnification	9. Percentage of the settlement of treasury claims 10. Number of published monitoring reports on the public loss indemnifications
	Improving the effectiveness of the implementation of the quality assurance system	11. Percentage of followed up peer review recommendations
	Complying with and harmonizing regulations relating to the audit of public finance	12. Percentage of the fulfillment of BPK regulations
Establishing modern bureaucracy in BPK	Increasing the quality of organization and administration	13. Percentage of the fulfillment of audit and non audit guidelines
	Improving human resources competency and management support	14. Percentage of staff meeting the required competency standard 15. Percentage of auditors meeting the training hours standard 16. Employees' work satisfaction index
	Increasing the standard and quality of work facilities and infrastructures	17. Percentage of the fulfillment of work facilities and infrastructures standards 18. Percentage of business processes using information and communication technology
	Increasing the effectiveness of budget utilization	19. Independent audit opinion on BPK financial statements 20. Percentage of budget utilization

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