



**Australia Indonesia Partnership**  
Kemitraan Australia Indonesia



# **INTRODUCTION OF RISK BASED METHODOLOGY IN INTERNAL AUDIT FUNCTION – INDII CASE STUDY**



**INDONESIA  
INFRASTRUCTURE  
INITIATIVE**



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## **INDONESIA INFRASTRUCTURE INITIATIVE**

**November, 2010**



**Inspectorate General  
Ministry of Public Works**

**November 2010**

### **Indonesia Infrastructure Initiative**

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The views expressed in this report do not necessarily reflect the views of the Australian Indonesian Partnership or the Australian Government. Please direct any comments or questions to the IndII Director, tel. +62 (21) 230-6063, fax +62 (21) 3190-2994. Website: [www.indii.co.id](http://www.indii.co.id).

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IndII M&E Team  
Jakarta, November 2010

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## Acronyms

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|        |  |
|--------|--|
| AP     | Action Plan  |
| APIP   | Aparat Pengawas Internal Pemerintah                  |
| BPK    | Badan Pemeriksa Keuangan                             |
| BPKP   | Badan Pengawasan Keuangan dan Pembangunan            |
| EINRIP | Eastern Indonesia National Roads Improvement Project |
| GoI    | Government of Indonesia                              |
| IDPL   | Infrastructure Development Policy Loan               |
| IndII  | Indonesia Infrastructure Initiative                  |
| IG     | Inspectorate General                                 |
| MoF    | Ministry of Finance                                  |
| MoU    | Memorandum of Understanding                          |
| MPW    | Ministry of Public Works                             |
| RBIA   | Risk Based Internal Audit                            |
| WB     | World Bank   |

## Executive Summary

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The Inspectorate General (IG) within the Ministry of Public Works (MPW) is currently implementing a reform agenda to provide the Ministry with better value-added services in terms of budget impact, infrastructure development and activity safeguards. Included in this agenda is a commitment towards strengthening audit processes and reviewing existing internal controls.

The reform process is in part being driven by the implementation of the World Bank (WB) funded Infrastructure Development Policy Loan (IDPL) which contains certain triggers spread across a range of transport sector initiatives. With limited support for technical assistance, the WB requested the AusAID funded Indonesia Infrastructure Initiative (IndII) to contribute support in the area of auditing.

IndII is currently in Phase II of the *Introduction of a Risk Based Methodology in Internal Audit* for the MPW. The purpose of the activity is to “*Introduce modern risk based methodology and practices into the audit and internal review functions of MPW.*”

A study was undertaken to assess the extent to which IndII is contributing towards the reform agenda with regards to audit function and compliance. A semi-structured interview process was employed with key stakeholders and partners to assess improvements in capacity, partnership and policy development. The study sought to collect a range of evidence sources that are included as attachments to support findings.

Key achievements of the IndII activity to date include:

- Introduction of the Risk Based Internal Audit (RBIA) across the Ministry.
- Preparation of MPW Regulations no. 6, 7 and 8 to support GoI Regulation no. 60/2008.
- Tangible improvements in auditing function – BPK (Supreme agency for financial audit) were able to issue a disclaimer of ‘qualified opinion’ in 2009 following a ‘disclaimer opinion’ result in 2008.
- Introduction of sampling approaches and staged audits resulting in 30 audits completed. A reduction in total number but an increase in quality.
- IG staff report higher levels of confidence and motivation to work based on direct involvement of IndII consultants.
- Acceptance of the need for an Audit Committee to oversight future audit processes.
- Revised recruitment strategy to engage more financial experts including a greater focus on young female auditors.

Key challenges faced by the activity which are currently being addressed include:

- Improvements in the quality of the training and associated deliverables – training has gone so far in the current activity but there is a need to increase the level and quality.
- More investment required to break 'old techniques' of auditing – more intense mentoring and supervision required.
- Provincial auditing remains weak and more time is required to strengthen capacity and mentor staff.
- High turnover of staff is problematic when establishing teams and building consistency.

Key conclusions derived from the study include:

- A continued focus on adherence to existing regulations and guidelines instead of developing new policies and structures.
- A focus on more practical hands-on approaches and mentoring for auditors at the central level.
- Divert attention to provincial audit teams and provide additional support particularly in the area of compliance to existing regulations and guidelines.
- Attempt to maintain management systems and structures to ensure consistency in approach.



## 1. Background and Context

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The IG within the MPW is currently implementing a reform agenda to provide the Ministry with better value-added services in terms of budget impact, infrastructure development and activity safeguards. Included in this agenda is a commitment towards strengthening audit processes and reviewing existing internal controls.

The reform process is in part being driven by the implementation of the WB funded IDPL which contains a series of triggers spread across the transport infrastructure sector within Indonesia. The trigger for MPW was the *'Adoption of an Action Plan (AP) to strengthen capacity at the IG MPW and introduce a modern risk-based methodology and practices to provide assurance on the MPW's internal control systems and compliance.'*

The AP was completed with assistance from the WB and contained seven key themes: (i) strengthening the compliance audit and moving towards performance audit; (ii) focusing on professional development needs of staff; (iii) developing a risk based approach to audit; (iv) updating audit manuals; (v) improving communication and reporting of audit results; (vi) strengthening quality assurance; and (vii) establishment of an audit committee.

The WB has limited resources to provide ongoing technical assistance; so a partnership was formed with IndII to implement a targeted program around addressing key themes identified in the AP.

The IndII activity goal was:

*To contribute to the long-term development needs of Indonesia by supporting the MPW in its planned enhancement to value-added services in terms of budget impact, infrastructure development and activity safeguards.*

The specific purpose of the activity was to:

*Introduce modern risk based methodology and practices into the audit and internal review functions of MPW.*

## 2. Case Study Methodology

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The case study approach is a methodology used by IndII to assess a sample of activities funded across the broad spectrum of the program. The research hypothesis for this particular assessment was to *'Assess the extent to which the IndII activity contributed towards the reform agenda in the IG MPW with regards to audit functions and compliance'*

The case study followed a semi-structured interview process and engaged with a wide range of stakeholders to obtain a series of views and observations. Evidence was sourced and observed as a means of strengthening the case for contribution towards agreed outcomes and objectives outlined in the activity design (AD) and towards broader IndII facility and development objectives.

The activity was assessed against its contribution towards the results areas of increased capacity, strengthened partnerships and improved policy formulation and implementation. The study also considered aspects of sustainability, Australian identity and issues of gender.

The case study of the *'Introduction to Risk Based Methodology in Internal Audit Function'* was completed between September 23 and October 5 2010. The case study approach used a semi-structured interview (Attachment 1) with questions disaggregated for different target groups. A range of stakeholders involved with the program were consulted and feedback sought against key questions (Attachment 2).

### 3. IndII Involvement

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IndII became involved with auditing at MPW following a request from the WB. Internal Audit across all GoI Ministries is generally weak with limited experienced technical staff, capacity, transparency, and accountability. IndII sourced an international auditor to provide technical support and advice in collaboration with a national adviser to support the IG within MPW.

***‘Even the developed world is grappling with audit issues – so one cannot expect immediate change in an environment like Indonesia with regards to auditing.’***

IndII is committed to long-term improvement of policy and capacity within MPW. The auditing function is a priority area identified by MPW that contributes to broader focus areas of performance based budgeting and contracting. IndII is well accepted within the Ministry and contributes in a positive and direct way as evidenced by the IG comment:

***‘IndII is a solid program – flexible and responsive to the needs of MPW and to the auditing approach generally.’***

Key achievements of the IndII activity to date include:

- Introduction of the RBIA across the Ministry.
- Preparation of MPW Regulations no. 6,7, and 8 to support GoI Regulation no. 60/2008 (Attachment 3).<sup>1</sup>
- Tangible improvement in auditing function – BPK were able to issue a disclaimer of ‘qualified opinion’ in 2009 following a ‘disclaimer opinion’<sup>2</sup> result in 2008.
- Introduction of sampling approaches and staged audits resulting in 30 audits completed. A reduction in total number but an increase in quality.
- IG staff report higher levels of confidence and motivation to work based on direct involvement of IndII consultants.
- Acceptance of the need for an Audit Committee to oversight future audit processes.
- Revised recruitment strategy to engage more financial experts including a greater focus on young female auditors.

Key challenges faced by the activity which are currently being addressed include:

- Improvements in the quality of the training and associated deliverables – training has gone so far in the current activity but there is a need to increase the level and quality.

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<sup>1</sup> The cover of GoI Regulation no. 60/2008 is included as evidence; however the entire document is not attached due to its large size.

<sup>2</sup> An inability to express an opinion either way.

- More investment required to break 'old techniques' of auditing – more intense mentoring and supervision required.
- Provincial auditing remains weak and more time is required to strengthen capacity and mentor staff.
- High turnover of staff is problematic when establishing teams and building consistency.

## 4. Capacity Building



Having access to a qualified international audit adviser in MPW has assisted in improving the capacity of audit staff within MPW based on the observations of individuals and direct supervisors. Capacity was assessed in terms of new knowledge and skills derived, changes in attitude, adoption of new techniques and practices, and improvements in work unit performance.

***‘MPW requires a three to five year intervention to see significant results.’***

Specific improvements in capacity as identified by stakeholders include:

- Introduction of an audit methodology (RBIA) has provided a framework around the completion of audits;
- Improved decision making capability and auditing process – ***‘Prior to the IndII activity there were no innovative approaches or decision-making. Following the training I have now seen evidence of more effective and staged approaches.’***
- Implementation of train the trainer sessions.
- Study tours to Australia and the Philippines provided practical and demonstrable examples of the RBIA methodology and approach.

A key focus of the capacity building support has centred on the development of MPW Regulations no. 6,7 and 8 to meet the requirements of GoI regulation no. 60/2008. Phase I

of the activity centred on the need to provide training on how to meet regulation requirements and to adhere to agreed processes. The introduction of the RBIA following this process helped consolidate the gains of the training and made the implementation of the methodology more meaningful and relevant.

#### **4.1 Knowledge and Skills**

Underpinning the success of the training component of the activity has been the acceptance, adoption and application of an RBIA methodology supported by associated guidelines (A, B, C and D). A copy of the guidelines is included as Attachment 4<sup>3</sup>. The guidelines are currently being field tested and refined in consultation with provincial audit teams – and is therefore not assessed as part of this study.

The application of the methodology and the guidelines provides structure to the training, outlines a framework to auditing, and contributes to improved knowledge.

***“I am proud to have new knowledge and a strong methodology to account for my decision.”***

Auditing is now recognised not only for technical audits and there is growing appreciation of the need for financial skills and knowledge to complement existing skills.

Study tours to Australia and the Philippines funded through IndII exposed audit staff to new ideas and concepts. Twenty staff members from the IG were selected to participate in the tours. Evaluation of the tour revealed that participants rated the tour very highly and gained valuable knowledge on how another developing country adopted and utilised RBIA. Results from the study tour are reflected in separate reports, which were considered as part of the literature review by the case study team.

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<sup>3</sup> Please note that the guidance documents are considerably large. The cover page is included and the documents can be accessed electronically through MPW or the IndII office.

## 4.2 Attitude Change



Attitudes to work and the workplace generally have become more positive and the confidence of individuals to perform their agreed tasks in the workplace has increased. This can plausibly be associated with the influence and professionalism of the IndII adviser.

***‘A change in mindset is required – infrastructure development in China is moving ahead – they are getting it right. Indonesia needs to adopt a similar strategy.’***

The most significant attitude change identified by MPW is that there is less criticism of the audit approach and staff members are more open to new ideas. This can be attributed to a range of capacity building initiatives being employed and the patience and approach of the IndII consultant. Comparisons between attitudes at the commencement of the activity and at present reveal that there was resistance initially towards adopting formalised audit approaches as people viewed it as ***‘too hard’***, ***‘involved too much work’***, and would ***‘reveal too many problems.’***

The field-testing process is also contributing to improved attitudes as field auditors can see the linkage between Government Regulations (GRs) – MPW regulations – and the guidance notes. The feedback received by the IndII adviser suggests that field auditors are pleased with the approach and ***‘complaints about the auditing system have reduced to a bare minimum.’***

Another positive indicator of attitude change is the acceptance and assuming of ownership by auditors at the lower levels rather than driven by management or a management directive.

#### 4.3 Practice Change

The most significant shift since the commencement of the activity has been a direct improvement in the planning, scheduling and preparation of working papers for audits.

The RBIA approach also enables a better assessment of risk and to prioritise the importance of audits. The introduction of sampling is also an important step given the Audit Department is currently overseeing potentially ***'1,000 audits per year across Indonesia.'*** The sampling enables more time to be devoted to preparation and completion of audits and in particular the collection of more tangible evidence to support audit findings.

Prior to RBIA ***'there was no order and every field team had their own standard and approach to auditing. RBIA has created the standard we need to meet.'***

The WB has highlighted that the quality of audit reports being produced has significantly improved as a result of IndII support. Copies of an earlier audit report along with a current version are included as Attachment 5.

Another significant practice change has been the introduction of planning tools to guide scheduling and selection of audits. This process has reduced the number of total audits completed but places a focus on quality and thoroughness in process. A copy of the planning tool developed through IndII and used by the IG is included as Attachment 7. The tool essentially helps auditors map out the geographical focus of activities as well as sectors and assign financial values to contracts. Based on an assessment of risk the auditors can determine which activities to review. The assessment also enables auditors to focus attention on activities that have perceived higher elements of risk. The projects selected for audit are then subject to a combined audit focusing on technical, financial and administration aspects. This is a significant change on earlier auditing processes.

#### 4.4 Institutional Change

It is not within the scope of this study nor it is feasible to attribute impacts and change of the MPW generally; however there have been some significant improvements in the manner in which the audit unit is functioning within the IG.

A key outcome to date has been that: ***'other departments within MPW are now assessing risk prior to the arrival of audit teams.'*** This increased awareness of risk and the features of risk is an important step towards improving audit functions and promoting accountability and transparency across the Ministry. Much of the sensitisation and awareness of risk elements to audits has resulted from the training, study tours, and day-to-day mentoring provided through the IndII activity.



The recruitment of a greater number of female auditors to the department represents a significant progression in a Ministry where women are often not assigned technical roles. Although there is no formal policy guidance around recruitment, ***'the practices are in place.'*** Importantly, gender has become an important aspect in the selection of auditing teams (where many team leaders are female) and also in identifying participants for study tours. Male interviewees admitted that females often become team leaders since they have ***'greater attention to detail and are fierce.'***

Interviews with field auditors revealed that there is no perceived gender inequality within the IG. All female respondents felt comfortable working in the office and many had specifically requested to work in the IG as a result of good reputation.

## 5. Partnerships

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The auditing unit has strengthened and consolidated partnership arrangements both internally and externally. Informal arrangements do exist within the Ministry between departments and there is a commitment by the IG to formalise these.

Importantly there has been a strong formalised relationship established with the Ministry of Finance (MoF). Prior to the commencement of the activity, the IG visited five other Ministries to understand and observe current auditing approaches. The MoF was deemed to have the most appropriate system. It must be noted that it took the MoF **‘four years to fully utilise a results based audit approach.’** The evidence suggests that the MPW is progressing at a quicker rate based on the tools and guidelines being used and the implementation of RBIA in the field.

The IG of MPW is currently fulfilling the role of Chairman of *Aparat Pengawas Internal Pemerintah (APIP)* that represents audit teams across all GoI Ministries. The role of Chairman allows the IG to highlight the RBIA approach and adopting the successes of the IndII program in meeting GR no. 60/2008.

Formal arrangements are also in place with BPK and BPKP (Financial and Development Supervisory Agency) to arrange internal and external audits. The relationship with BPKP is of particular importance to evaluate the quality of provincial audit reports which to date remain generally weak. The partnerships with BPK and BPKP along with IndII have strengthened capacity, provided definition to the audit program, introduced a structured methodology and tested the approach in the field. The ultimate result has been an improvement in the quality of recommendations and guidance as evidenced by thoroughly improved audit reports.

The Eastern Indonesia National Roads Improvement Project (EINRIP) has also formed a partnership with the IndII activity to engage its own auditor to adhere to GoI audit approaches and to address risk associated with grant management. This is an important step in promoting the MPW IG.

Externally, a Memorandum of Understanding (MoU) has been signed with the Indonesian Police Force to assist in the protection of audit teams and to act as a deterrent against fraud and corruption. **“We are not here to find mistakes but rather to prevent project managers from doing it the wrong way.”**

Moving forward, there is a greater need to focus attention at provincial level auditing and in particular in strengthening the relationships with BPKP. Tentative steps have been initiated towards the conduct of joint audits and relationships are being formed at the provincial level through the decentralisation process. Additional capacity support and assistance is necessary to consolidate these gains and is considered as part of Phase III preparations.

## 6. Policy Setting and Implementation

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The activity does not have a significant policy focus but has made some important contributions towards improvements in policy formulation and implementation.

As mentioned earlier, a series of audit guidelines have been developed; however, there is a need for the GoI to adopt a series of uniform manuals across all Ministries. The IG as Chairman of the APIP is an important driver in this process. However, the RBIA guidelines produced for MPW ***'have been very helpful and are in the process of being formalised as a Ministerial Decree.'*** This is a significant contribution made by IndII.

The GoI has a significant number of regulations and decrees relating to auditing. The focus of the activity primarily is not only to produce more decrees but to guide and influence the MPW to recognise the prioritised resources to address and adhere to the policies.

***'There is limited influence in the policy area but the guidelines and the manuals underpin existing policy arrangements.'***

A policy instruction is currently in draft form to instruct all Directorate Generals to implement and plan GR no. 60/2008. This is the focus of the IndII activity and represents a formalised strategy process and operationalises the gains to date.

## 7. Sustainability

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An assessment of sustainability is difficult at this time; however, some strong foundations have been established for long-term sustainability. Sustainability for the long-term is dependent upon a number of key features controlled by MPW:

- Consistency in senior management – ownership and understanding of the RBIA approach is essential;
- Ongoing ownership and setting of strategic direction by the IG;
- Ongoing training and direct mentoring of auditors;
- Shift of focus towards field operations and support to provincial auditors – ***“training has been very helpful to date but the job is only half-done.”***

To consolidate and promote further sustainability there is a need identified by the former secretary to the IG to increase the number of auditors with a financial background and to focus greater attention towards the ***‘monitoring and evaluation of performance based on the audit findings.’*** In other words ***‘we need to see tangible results from the investment.’***

The formalisation of audit guidelines is also an essential step to promote sustainability. Guidelines are in existence and the formal acceptance and adoption of these is anticipated soon.

A focus on training at the provincial level will also assist in consolidating gains. To date the provinces have been largely avoided but with central staff developing stronger capacities, a need to translate gains to provinces becomes more pronounced.

## 8. Australian Identity

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There is strong recognition at the senior levels of management that the activity is funded by the Australian Government through IndII. IndII staff and consultants clearly identify and represent the funding source and IndII at all meetings, consultations, and training exercises.

The Australian study tour consolidated the focus of Australian support and informal links have been established with the Queensland State Auditor with whom some of the auditors maintain informal contact.

## 9. Conclusions

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Information from the interview process along with the evidence collected and reviewed suggests that the IndII activity has had a very positive influence upon the auditing function of the IG within MPW.

It is still too early to assess long-term outcomes and change but considerable progress has been achieved by a clearly articulated design and approach, strategic focus on existing systems and structures, and a structured methodology and training program. The RBIA approach, when introduced did cause some tension but through active participation and consultation – attitudes and work practices are changing. Staff is taking more responsibility and searching for areas of risk and the answers to address audit questions. This is a very positive outcome.

Capacity has been strengthened through a combination of training, day-to-day mentoring and study tours. The promotion of the RBIA strategy has consolidated learning and provided a focus and basis for quality audits. Evidence from the field auditors suggests that the introduction of a consistent audit process is a significant achievement.

***‘Now I can explain to an auditee (sic) without any doubt about why they have been selected for an audit and the methodology to be applied.’***

For the future the demand is for a shift away from traditional training towards more ‘hands-on’ practical training combined with mentoring processes. This is particularly important, as there is a shift towards more time being spent with each province.

The study tours were well planned and selections were based on merit. The tours were positive in terms of the practical focus and structured approach to outline the benefits of following a defined methodology for auditing.

Partnerships have been strengthened and in some cases new partnerships have been formed, but these remain heavily dependent upon the staff currently occupying key management positions. This has potential negative impacts upon future sustainability; however key partnerships can be further strengthened through the adoption of agreed guidelines that can be adopted consistently across GoI Ministries.

Partnerships need to be strengthened at the provincial level, particularly when combined with training and capacity support as the field is where audits are to be undertaken and assessed. Future efforts with auditing should shift away from central authorities towards further support for provincial colleagues.

A full-time auditing adviser (national consultant) should ideally be appointed to the activity to maintain consistency and to act as a source of technical advice and support.

The WB has indicated that, based on the success of the IndII activity, it would look to provide its own financial support if IndII was unable to continue. The WB has identified a need for the introduction of control frameworks to complement the audit processes established under IndII and to promote greater emphasis on self-assessment of risk prior to audit.

Overall the focus of future interventions should not be about developing more regulations, guidelines or instructions but rather to shift towards a mentoring role aimed at supporting the MPW to follow and adhere to existing policies and regulations. Ownership is critical in this process and the IG management have a significant role to play to consolidate these gains. At present 45 audits are planned for 2011 that already represents an increase over the current year.

***'This is a good activity and we need to continue what we are already doing – need to implement the concept and we need the implementation.'***

## Attachment 1: Case Study Questionnaire

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### IndII Case Study Questions September 2010

#### 1. Background and Context

- Please provide us with some background to the activity (name) – what was the problem that the activity was meant to resolve?
- What have been two major achievements to date for the activity?
- What have been two major challenges to date for the activity?
- Overall, how satisfied are you with the input and support of IndII? (e.g. contributing to change and impact, removing obstacles to infrastructure investment, facilitating design and implementation etc.).

#### 2. Capacity Building

##### 2.1 Individual Capacity Building

##### 2.1.1 Knowledge and Skills Change

##### Counterpart/Work Unit Questions

- Have you gained any knowledge and skills as a result of IndII adviser support?
- Did you apply/utilise the newly acquired skills in your work? If so, how? What is different now? If not, why not?
- How do you contribute to your work unit performance with your new skills/knowledge? Can you provide specific examples or evidence?
- Is there increased socialisation and linkages between you/your colleagues and other work units (e.g. training workshops, direct advice)?
- Has there been a change in your awareness about gender issues in your workplace, gender issues related to your work or about gender issues in the community because of the project? (Probe, if necessary: participation of women and men in capacity building activities, women taking lead positions, equal opportunities for promotion, equal opportunities to be involved in decision making, committees, groups, teams, etc.).
- As a result of the project, are you more aware of the need to make special efforts to ensure that vulnerable groups such as people with disabilities, the poor, and indigenous people participate and benefit from your policies, programs and activities?

##### IndII Adviser/Consultant Questions

- What capacity building support has been provided to counterparts/work unit? (i.e. specific deliverables – training, advisory support etc.).
- What specific approaches have been employed, if any, to promote greater participation and engagement by female colleagues and counterparts in capacity building activities? Was there specific capacity building for women to enable them to participate more equally?



- Have you identified any gender issues such as different needs between women and men or inequalities between women and men in the implementation of this project? Did you make efforts to address the gender issues you identified? If yes, what did you do? What were the main difficulties you faced? What is the most successful thing that you did? If not, why? Have the activity design and implementation addressed the needs of potentially marginalised groups such as women/children and people living with disabilities?

### **2.2.2 Attitude and Confidence Change**

#### **Counterpart/Work Unit Questions**

- Has the IndII consultant had any impact on your confidence and attitude to your work? How? (Compare previous to now)? Has your confidence improved your work overall (Any examples and evidence of change)?
- How is the issue of gender equality accepted by men/women in your work unit? Is it supported by the senior decision makers? If yes, how? Has there been any change in attitudes as a result of the project? If yes, what are the changes?

#### **IndII Adviser/Consultant Questions**

- Have you noticed an improved attitude towards work by counterparts (Any examples and evidence of change)?
- Have you noticed an improved attitude and acceptance towards gender equality by counterparts?

### **2.2.3 Practice Change**

#### **Counterpart/Work Unit Questions**

- Have you improved or changed any work functions/training based on your new knowledge? Please state two functions that you do differently. Examples (i.e. new curriculums, policies, training modules, new delivery methods).
- How will you utilise the skills and knowledge you have gained into the future to support job functions?
- Because of the project, have ways to improve gender equality been incorporated in any of your routine work such as planning, implementing or monitoring activities? If yes, what changes have been implemented?

#### **IndII Adviser/Consultant Questions**

- What changes have you witnessed in the application of knowledge and skills provided? Please provide evidence of change.
- What are the changes in qualities between women and men participants? How do women and men reach their potentials?

## **2.3 Institutional Capacity Building**

### **Senior Gol Management**

- In your opinion, has the work unit increased its performance as a result of IndII adviser/activity support?
- Has there been any impact(s) on other departments within the Ministry as a result of improved performance? Please give examples if relevant.
- Has there been an improvement in gender equality in your workplace as a result of IndII activity support? If yes, what has been done to bring about change?
- Have you given more support to improved gender equality in the workplace and in the routine work of planning, implementation, and monitoring and evaluation by your staff? Please explain with examples.

## **3. Partnership Building and Performance**

### **3.1 Internally**

#### **Senior Gol Management and IndII Adviser/Consultant Questions**

- Have any partnerships been established between the activity and other Gol departments within the Ministry? How would you rate these partnerships – dependent, mutually beneficial or independent? (i.e. is there evidence that departments are doing tasks independently of the adviser support?)
- Has the work unit established formalised partnerships with other departments? What have been the barriers to forming partnerships? How have you overcome these?
- What is an example of good partnership?

#### **Counterpart/Work Unit Questions**

- Do you believe your work unit has established good partnerships with other departments through your work? If yes, please explain why and provide an example of how the partnership has worked.

### **3.2 Externally**

#### **Senior Gol Management and IndII Adviser/Consultant Questions**

- Have positive partnerships been established with other Ministries, Universities and/or Donors? What was the impact of this partnership(s) on the activity (i.e. what have been the positive and negative implications)?
- Have these partnerships been effective and how have they supported the activity?
- Will the partnership be sustained after the completion of IndII involvement? If yes, how will this be managed?

### **3.4 Work Unit Performance**

#### **Counterpart/Work Unit Questions**

- Overall would you say your work unit's performance has improved with IndII adviser support? Please explain why and use examples.

- How will performance be maintained and improved with the completion of the activity? (i.e. Exit Strategy).
- Have you considered strategies to use to increase the effectiveness of the work unit after the IndII adviser/support is completed?

**Senior GoI Management and IndII Adviser/Consultant Questions**

- In your view, has work performance improved since the involvement of IndII? What is the evidence to suggest that a positive change has occurred?

#### **4 Policy Setting and Implementation**

**Senior GoI Management and IndII Adviser/Consultant Questions**

- Has the activity contributed to improved policy dialogue and development? If so, what have been the tangible outputs (new policies, strategies etc.)?
- Has the policy advice and support resulted in improved efficiencies and effectiveness within the Ministry/ Department? If, so, what have been the changes?
- What systems and structures (if any) have been established to implement and manage policy change?
- Have new policies contributed to improved decision making capacity and approaches?
- Has senior management been involved in the conceptual design and approval of new policy(s)?
- Has the consultation process provided a range of options for consideration? How has the consultation process been managed and supervised?
- Are new policies consistent with the Ministry and broader GoI policy goals/objectives? How?
- Have new policies addressed or responded to gender needs, implications and equalities? If yes, please provide with examples. If not, why?
- Have there been special efforts to ensure that vulnerable groups, such as people with disabilities, the poor, and indigenous people benefit from your policies?
- Have you promoted gender equality in your policy-related paper (proposed guideline, draft or regulation/procedure, working paper, recommendation reports, etc.)? If yes, please provide with example. If not, why not?

**Counterpart/Work Unit Questions**

- Has IndII provided guidance/assistance in promoting key steps in the development and promotion of new policy?
- Have you promoted gender equality in your proposed policy? If yes, please provide with example. If not, why not?

#### **5 Sustainability**

- What are the next steps in promoting policy and capacity enhancements derived through IndII support?
- Does the IndII consultant/adviser have an exit strategy in place for the activity?
- How would gender equality be addressed in policies and capacity enhancements in the future?

## **6 Australian Identity**

- Were you aware that the IndII advisers position is funded by the Australian Government through IndII?
- If so, what improvements and support could be given to promote Australian Identity through the program? If not, what can be done to raise awareness about Australian Government involvement?
- Has the activity developed longer-term linkages with the Government of Australia and Australia generally?

## **7 Concluding Questions**

- Based on your views, understanding and experience what improvements could be made to the activity?
- Is there anything else you would like to add to the discussions?

**Thank you for your time and effort to contribute to the case study.**

## **Attachment 2: Government Regulation on Internal Controls (Cover Page only)**

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### **Republic of Indonesia Government Regulation**

**No. 60 of 2008**

**on**

### **The Internal Government Control System**

Whereas:

In order to give effect to section (2) of the State Treasury Act 2004 (No. 1 of 2004), it is necessary to issue a Government Regulation on the internal government control system.

In accordance with:

1. Article 5(2) of the Republic of Indonesia Constitution of 1945;
2. The State Treasury Act 2004 (No. 1 of 2004), (Official Gazette of the Republic of Indonesia 2004 No. 5, Supplement to the Official Gazette of the Republic of Indonesia No. 4355);

### **Be it Hereby Resolved:**

To issue a Government Regulation on the internal government control system.



**KEMENTERIAN PEKERJAAN UMUM  
REPUBLIK INDONESIA**

**KERANGKA KERJA  
PENYUSUNAN PEMETAAN RISIKO  
DI LINGKUNGAN KEMENTERIAN PU  
TAHUN 2010**

1. PEMETAAN RENSTRA
2. PEMETAAN IDENTIFIKASI RISIKO
3. PEMETAAN AUDIT UNIVERSE



**KEMENTERIAN PEKERJAAN UMUM  
INSPEKTORAT JENDERAL**

## DAFTAR FORM

### A. FORM ISIAN

| No. | KODE FORM | URAIAN   |
|-----|-----------|--|
| 1.  | FORM-01   | Data Umum Satminkal  |
| 2.  | FORM-02   | Pemetaan Renstra/PK/RKT  |
| 3.  | FORM-03   | Daftar Alokasi Anggaran Satker   |
| 4.  | FORM-04   | Penilaian Risiko Kegiatan Berdasarkan Jenis Risiko Instansi Pemerintah |
| 5.  | FORM-05   | Penilaian terhadap Capaian Kinerja Periode Sebelumnya                  |
| 6.  | FORM-06   | Identifikasi Risiko dan Proses Analisis Risiko                         |
| 7.  | FORM-07   | Rencana Penanganan Risiko  |
| 8.  | FORM-08   | Analisis Risiko Selama Perubahan                                       |
| 9.  | FORM-09   | Audit Universe   |
| 10. | FORM-10   | Penilaian Satker di Pusat  |
| 11. | FORM-11   | Penilaian Satker di Daerah   |
| 12. | FORM-12   | Urutan Prioritas   |

### B. KRITERIA PENILAIAN UNTUK PENGISIAN FORM

| No. | KODE KRITERIA | URAIAN                     |
|-----|---------------|----------------------------|
| 1.  | KRITERIA-01   | Kriteria Penilaian FORM-04 |
| 2.  | KRITERIA-02   | Kriteria Penilaian FORM-10 |
| 3.  | KRITERIA-03   | Kriteria Penilaian FORM-11 |
| 4.  | KRITERIA-04   | Kriteria Penilaian FORM-08 |

## TATACARA PENGISIAN FORM KERJA

### 1. FORM-01

Diisi dengan mengacu pada data yang ada, baik pada Struktur Organisasi dan Tata Kerja Kementerian/Departemen PU, Renstra Kementerian PU 2010-2014, Renstra Eselon I di Lingkungan Kem. PU, Renstra Eselon II di Lingkungan Kem. PU, dan dokumen lain yang terkait.

### 2. FORM-02

- |           |   |   |
|-----------|---|---|
| Kolom (1) | : | diisi dengan tujuan & sasaran berdasarkan data Renstra Kem. PU  |
| Kolom (2) | : | diisi dengan program/kegiatan berdasarkan data Renstra Kem. PU  |
| Kolom (3) | : | diisi dengan target total (kumulatif) sampai dengan tahun 2014 atas program/kegiatan kolom (2) berdasarkan data Renstra Kem. PU   |
| Kolom (4) | : | diisi dengan target tahun 2010 atas program/kegiatan kolom (2) berdasarkan data Renstra Kem. PU   |
| Kolom (5) | : | diisi dengan program/kegiatan berdasarkan data Penetapan Kinerja (PK) atau Rencana Kerja Tahunan (RKT) Unit Kerja Eselon I Tahun 2010                                       |
| Kolom (6) | : | diisi dengan target Tahun 2010 atas program/kegiatan berdasarkan data Penetapan Kinerja (PK) atau Rencana Kerja Tahunan (RKT) Unit Kerja Eselon I Tahun 2010                |
| Kolom (7) | : | diisi dengan program/kegiatan berdasarkan data Penetapan Kinerja (PK) atau Rencana Kerja Tahunan (RKT) masing-masing Unit Kerja Eselon II Tahun 2010                        |
| Kolom (8) | : | diisi dengan target Tahun 2010 atas program/kegiatan berdasarkan data Penetapan Kinerja (PK) atau Rencana Kerja Tahunan (RKT) masing-masing Unit Kerja Eselon II Tahun 2010 |

### 3. FORM-03

- |           |   |             |
|-----------|---|-------------|
| Kolom (1) | : | sudah jelas |
| Kolom (2) | : | sudah jelas |
| Kolom (3) | : | sudah jelas |
| Kolom (4) | : | sudah jelas |

### 4. FORM-04

- |                      |   |  |
|----------------------|---|--|
| Kolom (1)            | : | sudah jelas  |
| Kolom (2)            | : | diisi dengan jenis kegiatan/sub jenis kegiatan unit kerja sesuai dengan PK 2010 atau RKT 2010 atau Renstra 2010-2014 |
| Kolom (3)            | : | diisi dengan tujuan kegiatan/sub kegiatan unit kerja sesuai dengan PK 2010 atau RKT 2010 atau Renstra 2010-2014      |
| Kolom (4) s.d. (21)  | : | diisi dengan nilai skala 1- 4 sesuai dengan kriteria yang telah ditetapkan   |
| Kolom (22)           | : | diisi dengan jumlah penilaian kolom (4) s.d. (21)  |
| Kolom (23) s.d. (25) | : | diisi pengelompokan jenis risiko: rendah, sedang, dan tinggi   |

### 5. FORM-05

- |           |   |             |
|-----------|---|-------------|
| Kolom (1) | : | sudah jelas |
|-----------|---|-------------|



- Kolom (2) : diisi dengan program kegiatan satminkal yang tidak mencapai target pada periode sebelumnya berdasarkan evaluasi LAKIP tahun 2009
- Kolom (3) s.d. (16) : diisi dengan “tanda tertentu” (√ atau nilai 1) apabila merupakan faktor penyebab risiko tidak tercapainya program pada kolom (2)
- Kolom (17) : diisi dengan jumlah nilai kolom (3) s.d. (16)
- Kolom (18) : diisi dengan uraian penyebab yang terjadi

#### 6. FORM-06

- Kolom (1) : sudah jelas
- Kolom (2) : diisi dengan kegiatan satminkal yang telah diurutkan sesuai dengan prioritas (tinggi, sedang, rendah)
- Kolom (3) : diisi dengan identifikasi risiko yang mungkin terjadi pada kegiatan sebagaimana kolom (2), dapat dimungkinkan risiko lebih dari satu
- Kolom (4) : diisi dengan identifikasi sumber penyebab risiko sebagaimana kolom (3)
- Kolom (5) : diisi dengan identifikasi mengenai waktu dan tempat terjadinya risiko sebagaimana kolom (3)
- Kolom (6) : diisi dengan identifikasi mengenai deskripsi konsekuensi/dampak dari terjadinya risiko sebagaimana kolom (3)
- Kolom (7) : diisi dengan sistem pengendalian yang sudah ada dimiliki oleh Unit Pemilik Risiko (UPR) terkait risiko sebagaimana kolom (3)
- Kolom (8) : diisi dengan penilaian tingkat kemungkinan terjadinya risiko, dengan skala nilai 1 s.d. 5 sebagaimana kriteria penilaian yang telah ditetapkan
- Kolom (9) : diisi dengan penilaian tingkat konsekuensi/dampak atas terjadinya risiko, dengan skala nilai 1 s.d. 5 sebagaimana kriteria penilaian yang telah ditetapkan
- Kolom (10) s.d. (13) : diisi pengelompokan level risiko pada masing-masing kegiatan UPR, dengan kelompok ekstrim, tinggi, sedang, dan rendah
- Kolom (14) : diisi dengan uraian atau penjelasan lain, apabila diperlukan

#### 7. FORM-07

- Kolom (1) : sudah jelas
- Kolom (2) : diisi dengan kegiatan satminkal yang telah diurutkan sesuai dengan prioritas (tinggi, sedang, rendah) sesuai FORM-06 kolom (3)
- Kolom (3) : diisi dengan identifikasi beberapa alternatif penanganan atas risiko yang mungkin terjadi
- Kolom (4) : diisi dengan alternatif penanganan risiko yang dinilai paling sesuai
- Kolom (5) : diisi dengan dasar atau alasan pertimbangan pemilihan alternatif penanganan risiko sebagaimana kolom (4)

#### 8. FORM-08

- Kolom (1) : sudah jelas
- Kolom (2) : diisi dengan kegiatan satminkal yang telah diurutkan sesuai dengan prioritas (tinggi, sedang, rendah) sesuai FORM-06 kolom (3)
- Kolom (3) : diisi dengan tujuan kegiatan kolom (2)

- Kolom (4) s.d. (15) : diisi dengan penilaian atas perubahan yang berpengaruh pada kegiatan kolom (2), dengan skala penilaian 1 s.d. 4 sebagaimana kriteria penilaian yang telah ditetapkan
- Kolom (16) : diisi dengan jumlah nilai kolom (4) s.d. (15)
- Kolom (17) s.d. (19) : diisi dengan pengelompokan jenis risiko (rendah, sedang, tinggi)

#### 9. FORM-09

- Kolom (1) : sudah jelas
- Kolom (2) : sudah jelas
- Kolom (3) : sudah jelas
- Kolom (4) : sudah jelas
- Kolom (5) : sudah jelas

#### 10. FORM-10

- Kolom (1) : sudah jelas
- Kolom (2) : diisi dengan nama satuan kerja yang berlokasi di Pusat
- Kolom (3) s.d. (13) : diisi dengan penilaian atas satuan kerja berdasarkan kriteria penilaian yang telah ditetapkan
- Kolom (14) : diisi dengan jumlah skor kolom (3) s.d. (13)
- Kolom (15) : diisi dengan skor tertimbang yang merupakan jumlah dari perkalian antara nilai dengan bobot masing-masing faktor risiko global kolom (3) s.d. (13)

#### 11. FORM-11

- Kolom (1) : sudah jelas
- Kolom (2) : diisi dengan nama satuan kerja yang berlokasi di daerah
- Kolom (3) s.d. (20) : diisi dengan penilaian atas satuan kerja berdasarkan kriteria penilaian yang telah ditetapkan
- Kolom (21) : diisi dengan jumlah skor kolom (3) s.d. (20)
- Kolom (22) : diisi dengan skor tertimbang yang merupakan jumlah dari perkalian antara nilai dengan bobot masing-masing faktor risiko global kolom (3) s.d. (20)

#### 12. FORM-12

- Kolom (1) : diisi dengan nomor urutan prioritas hasil pengolahan data FORM-10 dan FORM-11
- Kolom (2) : diisi dengan urutan satker prioritas hasil pengolahan data FORM-10 dan FORM-11
- Kolom (3) : diisi dengan nilai FORM-10 kolom (14) sesuai dengan satker terkait
- Kolom (4) : diisi dengan nilai FORM-11 kolom (15) sesuai dengan satker terkait
- Kolom (5) : diisi dengan tingkatan risiko berdasarkan nilai tertimbang pada kolom (4)

## Attachment 4: Examples of Audit Reports – Comparative 2006 – 2009 (Complete Reports are also available)

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| Matters | 2006   | 2007   | 2008   | 2009   |
|---------|--|--|--|--|
| Content | <p>Chapter I - Conclusion and Recommendation</p> <ol style="list-style-type: none"> <li>1. Summary of Report</li> <li>2. Management control system (concentrating on Administration of the Satker)</li> <li>3. Summary Findings and recommendations</li> </ol> | <p>Chapter I - Conclusion and Recommendation</p> <ol style="list-style-type: none"> <li>1. Summary of Report</li> <li>2. Management control system (concentrating on Administration of the Satker)</li> <li>3. Summary Findings and recommendations that still need the attention of MPW Management (DGs)</li> </ol> | <p>Chapter I - Conclusion and Recommendation</p> <ol style="list-style-type: none"> <li>1. Summary of Report</li> <li>2. Management control system (concentrating on Administration of the Satker)</li> <li>3. Summary Findings and recommendations that still need the attention of MPW Management (DGs)</li> </ol> | <p>Chapter I - Conclusion and Recommendation</p> <ol style="list-style-type: none"> <li>1. Summary of Report</li> <li>2. Management control system (concentrating on Administration of the Satker)</li> <li>3. Summary Findings and recommendations <ul style="list-style-type: none"> <li>- Good Findings</li> <li>- Findings with no major audit impact but noted for MPW Management attention for remedial action</li> <li>- Findings that need follow up on agreed actions</li> <li>- Follow up of findings from previous</li> </ul> </li> </ol> |

|                              |   |   |   |  |
|------------------------------|---|---|---|--|
|                              | <p>Chapter II - Preface</p> <ol style="list-style-type: none"> <li>1. Examination Basis</li> <li>2. Examination Period</li> <li>3. Examination Objective</li> <li>4. Examination Target</li> <li>5. Examination Scope</li> <li>6. Auditee Information</li> </ol> <p>Chapter III – Detailed Findings</p> | <p>Chapter II - Preface</p> <ol style="list-style-type: none"> <li>1. Examination Basis</li> <li>2. Examination Period</li> <li>3. Examination Objective</li> <li>4. Examination Target</li> <li>5. Examination Scope</li> <li>6. Auditee Information</li> </ol> <p>Chapter III – Detailed Findings</p> | <p>Chapter II - Preface</p> <ol style="list-style-type: none"> <li>1. Examination Basis</li> <li>2. Examination Period</li> <li>3. Examination Objective</li> <li>4. Examination Target</li> <li>5. Examination Scope</li> <li>6. Auditee Information</li> </ol> <p>Chapter III – Detailed Findings</p> | <p>reports: corrective action taken – whether satisfactory or still open issue</p> <p>Chapter II - Preface</p> <ol style="list-style-type: none"> <li>1. Examination Basis</li> <li>2. Examination Period</li> <li>3. Examination Objective</li> <li>4. Examination Target</li> <li>5. Examination Scope</li> <li>6. Auditee Information</li> </ol> <p>Chapter III – Detailed Findings</p> |
| Content of Detailed Findings | <p>Structure in disclosing the findings were using the previous Regulation no. 310/2002 which describe the format in disclosing the detail findings.</p> <ul style="list-style-type: none"> <li>- Condition</li> <li>- Criteria</li> <li>- Effect</li> <li>- Causes</li> </ul>                          | <p>Structure in disclosing the findings is improved and follows Regulation no. 14/2007 with the following details:</p> <ul style="list-style-type: none"> <li>- Condition</li> <li>- Criteria</li> <li>- Causes</li> <li>- Consequences</li> <li>- Response from Auditee</li> </ul>                     | Not much different from the previous years.   | <p>Better reports on findings and proposed recommendations.</p> <p>Both are stated clearly and in detail and any suggestions made are adjusted to the criteria.</p>  |

|  |  |   |  |  |
|--|--|---|--|--|
|  | <p>- Recommendation</p> <p>The conditions/findings were defined based on the existing criteria. The auditor should compare between the listed criteria and the condition to locate the findings.</p> <p>The auditor should list down all the criteria that they were using in evaluating the conditions.</p> <p>The consequences of the findings were described on along with the cause on why those conditions could happen, and after all the auditor put the recommendations to eliminate the problems.</p> | <p>- Recommendation</p> <p>The finding and the recommendation is discussed with the Auditee for input/improvement; if there is a disagreement, it is taken into account and the matter improved; however, if the Auditee still maintains the disagreement, the Auditor still reports the finding and the recommendation in the Management Report but without mention of the disagreement. It is not known whether a record of the disagreement is retained in the workpapers. .</p> |  |  |
|--|--|---|--|--|

## Attachment 5: Action Report Addressing Key World Bank Triggers

| 1. Risk Based Audit/Audit Berbasis Risiko   |   |      |  |   |   |
|---|---|------|--|---|---|
| <p>Prepare risk-based audit plan for second semester of FY 2009 and FY 2010</p> <p>Persiapan perencanaan RBIA untuk semester kedua 2009 dan tahun 2010.</p> | ✓ | 2009 |  | ✓ | <p><b>Trigger:</b></p> <p><b><u>1. WB 2010 Trigger requiring full RBIA implementation must be revised:</u></b></p> <p>There is a steady build-up of RBIA implementation (therefore of the ‘Audit Plan for 2010’) but full implementation will not be achieved in 2010.</p> <p>World Bank 2010 Trigger mewajibkan pelaksanaan RBIA secara menyeluruh harus direvisi: terdapat perbaikan pelaksanaan RBIA yang kuat (karena Rencana Aksi 2010) akan tetapi pelaksanaan menyeluruh tidak akan tercapai pada tahun 2010.</p> <p>Discussion:</p> <ul style="list-style-type: none"> <li>✓ Given the situation and the lessons learned from the Pilot Testing Program, it is clear that the leap to fully implementing RBIA beginning 2010 is not possible without improving the audit fundamentals.</li> <li>✓ This was pointed out in the last Progress Report for the 2009 Triggers.</li> <li>✓ Recognise that although full implementation will not be achieved, significant capacity building steps are in place to steadily upgrade the internal audit mechanisms.</li> </ul> <p>Progressive implementation will continue to take place – on a stepped-up basis compared to 2009. The tools developed as part of the Task Force exercise will help immensely. 2010 Audit Plan includes:</p> <ul style="list-style-type: none"> <li>✓ implementation of Regulations no. 6 and 7, using RBIA techniques and the audit programs and check-lists in the Regulations;</li> <li>✓ upgrades in workpaper methodology;</li> <li>✓ more financial audits; and better supervision.</li> <li>✓ Pilot testing is being stepped-up: Three audits (ranked to be highest Risk) will be selected from each sector (Bina Marga, Cipta Karya and SDR) each quarter based on Risk Profiles developed overall.</li> </ul> |

|  |  |  |  |  |  |
|--|--|--|--|--|--|
|  |  |  |  |  | <p>✓ attempt will be made to achieve a better balance of the work between Technical Audits and Financial Audits.</p> <p>Diskusi:</p> <p>✓ Sehubungan dengan situasi dan pengalaman yang dijadikan pembelajaran sebelumnya dari Pilot Test Program, terlihat jelas bahwa penerapan RBIA secara menyeluruh pada tahun 2010 tidak memungkinkan dilakukantampa perbaikan dasar-dasar audit.</p> <p>✓ Hal ini disebutkan di dalam Progress Report pada Triggers Tahun 2009.</p> <p>✓ Dengan mempertimbangkan bahwa meskipun pelaksanaan menyeluruh yang diharapkan tidak akan tercapai, akan tetapi tahap-tahap pelatihan penting telah ditentukan untuk meng-upgrade mekanisme audit internal secara terus-menerus.</p> <p>Penerapan secara progresif akan terus dilaksanakan—dengan tahapan yang semakin meningkat apabila dibandingkan dengan penerapan tahun 2009. Tool yang dikembangkan sebagai bagian dari pelatihan Satker akan sangat membantu Rencana Audit tahun 2010 yang meliputi:</p> <p>✓ pelaksanaan Permen No. 6 dan 7 dengan menggunakan teknik-teknik RBIA dan program audit serta check-list tentang berbagai peraturan</p> <p>✓ melakukan upgrade atas metodologi kertas kerja</p> <p>✓ melakukan audit financial lebih banyak: dan pengawasan yang lebih baik</p> <p>✓ proyek percontohan (pilot testing) sedang dilakukan: 3 audit (yang masuk kategori risiko tertinggi) akan diseleksi dari masing-masing bidang (Bina Marga, Cipta Karya dan SDR) setiap kwartal berdasarkan Profil Risiko yang telah disusun menyeluruh.</p> <p>✓ Upaya akan dilakukan guna mendapatkan saldo yang lebih baik antara Audit Teknik dan Audit Finansial.</p> <p><b>Timeline:</b></p> <p><b><i>2. Assuming implementation continues at the current rate, <u>late FY2011 / first semester 2012 is more realistic for full implementation</u>, although this should be assessed in October 2010 (as part of the December Quarter assessments)</i></b></p> <p><i>Jangka waktu:</i></p> <p><i>Dengan asumsi pelaksanaan berkelanjutan dengan tingkat yang berlaku saat ini, <u>akhir tahun anggaran 2011 / 1<sup>st</sup> Semester2012</u> akan lebih realistik atas pelaksanaan menyeluruh, meskipun hal ini sebaiknya dievaluasi kembali pada bulan Oktober 2010 (sebagai bagian dari evaluasi kuartal Desember).</i></p> |
|--|--|--|--|--|--|

## 2. Quality Assurance / Jaminan Mutu

|  |   |      |  |   |   |
|--|---|------|--|---|---|
| Implement on a pilot basis, the practice of having a QA and technical supervisor in one audit team in each of the five divisions.<br><br>Menerapkan RBIA lewat pilot test di lapangan, lewat praktek akan timbul pertanyaan dan jawaban serta supervisi teknik di setiap tim audit pada tiap lima divisi.                          | ✓ | 2009 |  | ✓ | The details of this are being discussed; however because of retirements at the top (Inspectorates) and other practical issues, the matter has been delayed. The establishment of the Task Force will help. Positive steps should be taken in 2010.<br><br>Detil dari kegiatan-kegiatan ini sedang dalam pembahasan; walaupun akibat dari pensiunnya para pimpinan Itjen dan kendala-kendala lain, hal ini masih ditunda. Terbentuknya Task Force akan membantu. Langkah-langkah positif harus diambil pada semester pertama 2010  |
| Design the peer review mechanism and methodology   | ✓ | 2010 |  | ✓ | This will be developed, likely in the second semester 2010.<br><br>Akan terbentuk kemungkinan pada semester kedua 2010  |
| Based on the result of the pilot and review of good practices elsewhere, implement the practice in all audit teams or establish a central QA unit.<br><br>Didasarkan pada hasil pilot test dan contoh praktek yang sudah dilakukan di tempat lain, menerapkan praktek ini untuk setiap tim audit atau membentuk pusat Tanya Jawab. | ✓ | 2010 |  | ✓ | As for above. There is a central position overseeing QA, under the secretary to the IG. However, a determination will still have to be made on whether to upgrade this into a more effective central unit, or to introduce individual units within each audit Inspectorate. Either way, the QA standards will be brought into line with internationally accepted QA standards. This will be determined in the second semester of 2010.<br><br>Sebagaimana di atas. ada suatu posisi sentral dalam mengawasi QA oleh Sekretaris untuk Irjen. Akan tetapi, penentuan masih harus akan dilakukan apakah melakukan upgrade atas hal ini ke suatu unit central yang lebih efektif, atau memperkenalkan unit-unit individu dalam setiap inspektorat audit. Apapun pilihannya, standar QA akan disesuaikan dengan standar QA yang diakui secara internasional. Hal ini akan ditentukan pada Semester kedua tahun 2010. |
| On a pilot basis, implement the internal peer review process.<br><br>Melaksanakan proses internal peer   | ✓ | 2010 |  | ✓ | This will be studied closely to see if implementation can be done in second semester 2010: dependent on progress made in the other areas.<br><br>Hal ini akan dipelajari lebih dalam untuk melihat apakah implementasi dapat dilaksanakan pada  |



|  |   |      |  |   |  |
|--|---|------|--|---|--|
| review dengan percobaan terlebih dahulu.   |   |      |  |   | semester kedua 2010: tergantung pada perkembangan di bidang lain.  |
| Organise external peer review to affirm quality assurance implementation.<br><br>Mengorganisasi peer review eksternal untuk menekankan jaminan mutu atas pelaksanaannya. | ✓ | 2011 |  | ✓ | The framework and methodology will be completed 2010 with a target to implement by 2011 – but this date appears optimistic at this stage (unless done in the second semester of 2011).<br><br>Kerangka acuan dan metodologi akan diselesaikan pada 2010 dengan target untuk menerapkannya pada 2011—namun penetapan tanggal ini terlihat terlalu optimistis (kecuali telah selesai semester kedua 2011). |

### 3. Coordination with Bawasdas (Regional Internal Audit Body) / Koordinasi dengan Bawasda

|  |  |      |   |  |   |
|--|--|------|---|--|---|
| Develop a joint audit mechanism to be formalised in an annual agreement signed by the Inspectorate General of MPW and Minister of Home Affairs (MoHA).<br><br>Membentuk gabungan mekanisme audit untuk diformalkan pada perjanjian tahunan yang ditandatangani oleh Inspektur Jenderal Dep PU dan Mendagri |  | 2009 | ✓ |  | There is an agreement to plan a joint audit with Ministry of Internal Affairs and with other ministries.<br><br>Sudah dilakukan kesepakatan bersama rencana pelaksanaan pemeriksaan antara Inspektorat Jenderal Departemen Dalam Negeri dengan Kementerian lainnya. |
| Carry out joint audits on all de-concentrated and co-administered budget after providing relevant training to Bawasda staff.<br><br>Melaksanakan joint audit pada anggaran dekonsentrasi dan tugas pembantuan setelah menyelenggarakan diklat untuk staf Bawasda.  |  | 2010 | ✓ |  | This activity was started in 2007 and is progressing.<br><br>Telah dilaksanakan mulai tahun 2007.   |

#### 4. Audit Guidelines / Kerangka Acuan Audit

|  |   |      |  |   |   |
|--|---|------|--|---|---|
| <p>Conduct a stocktaking on the available audit guidelines and identify the gap with the requirements and prepare the time table for development of guidelines.</p> <p>Mengumpulkan acuan/aturan audit dan mengidentifikasi gap yang terjadi dengan persyaratan yang ada dan menyiapkan jadwal untuk penyusunan acuan kerja.</p>       | ✓ | 2009 |  | ✓ | <p>Stock taking is under way – part of the Task Force assignment is to collate this information for technical Work Programs and Tools – a flow-on from that will be a timeframe for the development of official guidelines. Some of the guidelines will be developed/enhanced as part of the Task Force process. Expect completion by first semester 2010.</p> <p>Pengumpulan peraturan/acuan audit sedang dilakukan—bagian dari penugasan Task Force adalah untuk mengumpulkan informasi tentang Program Kerja Teknis dan Perangkatnya—suatu alur yang akan menjadi kerangka waktu (<i>time frame</i>) untuk penyusunan acuan yang resmi. Beberapa pedoman akan dikembangkan/ditingkatkan sebagai bagian dari proses Task Force. Diharapkan akan selesai pada Semester Pertama 2010.</p>                       |
| <p>Develop the guidelines, synchronised with the adopted internal audit standards. Introduce the concept of internal control analysis, risk-based audit and performance audit.</p> <p>Menyusun acuan, yang disinkronisasi dengan standar audit internal. Mengenalkan konsep analisis pengendalian interen, RBIA dan audit kinerja.</p> | ✓ | 2010 |  | ✓ | <p>See prior comments, including the outcomes of the Task Force exercise. The development of the guidelines should be substantially complete by end 2010. RBIA concept and implementation is in progress – see comments above (#1). See notes on inclusion of internal control analysis (#7). Fraud audit will be introduced as part of procurement audits and implementation of internal controls.</p> <p>Lihat komentar lain, termasuk hasil dari penerapan Task Force. Pembuatan pedoman seharusnya secara substansial selesai pada akhir tahun 2010. Konsep RBIA dan pelaksanaan dalam proses – lihat komentar dibawah (#1). Lihat catatan tentang penyertaan analisis pengawasan internal (#7). Fraud Audit akan diperkenalkan sebagai bagian dari audit pengadaan dan pelaksanaan pengawasan internal</p> |
| <p>Include the performance audit, procurement audit, fraud audit and various technical audits in the IG's annual audit plan.</p> <p>Memasukkan audit kinerja, audit</p>  | ✓ | 2011 |  | ✓ | <p>These will be part of the material developed above, and will be incorporated into the forward plans. As part of 2010 Pilot Program, more emphasis is placed on procurement audit and introducing fraud audit methodology.</p> <p>Hal ini akan menjadi bagian dari apa yang sudah disusun di atas dan akan digabungkan ke dalam Rencana-rencana mendatang. Sebagai bagian dari Program Pilot 2010, penekanan tambahan</p>   |

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| pengadaan barang, audit fraud dan berbagai audit teknis di dalam program tahunan Itjen. |  |  |  |  | diberikan dalam audit pengadaan dan pengenalan atas metodologi fraud audit. |
|---|--|--|--|--|---|

#### 5. Auditor skills / Keahlian Auditor

|  |   |            |  |   |   |
|--|---|------------|--|---|---|
| Review roles and responsibilities of auditors.<br><br>Meninjau peran dan tanggung jawab auditor.   | ✓ | 2009       |  | ✓ | This exercise is in process as part of the Training and Technical Development of auditor skills. The results will be built-into the strategy. Expect completion by second semester 2010.<br><br>Kegiatan ini dalam proses sebagai bagian dari Pelatihan dan Pengembangan Teknis keahlian auditor. Hasil yang dicapai akan dimasukkan ke dalam Strategi. Diharapkan penyelesaian akan dilakukan pada Semester Kedua 2010.  |
| Inventory knowledge and skills of each auditor on a regular basis.<br><br>Mengumpulkan secara rutin pengembangan pengetahuan dan skill dari masing-masing auditor. | ✓ | Start 2009 |  | ✓ | Completed and being updated on a programmed basis. See attachments.<br><br>Telah selesai dan sedang di- <i>update</i> . Lihat lampiran.   |
| Survey and develop a list of training providers.<br><br>Melakukan survey dan menyusun daftar penyedia training.  | ✓ | 2009       |  | ✓ | YPIA has been identified to provide external training courses specifically developed for and focused on IG operations. BPKP remains the official government provider. Discussions are being finalised with BPK and MoF to use existing courses relevant to IG – including developing special courses on selected topics (Workpaper requirements and techniques, internal control applications under PP60). MoF and BPKP are also providing targeted workshops in first semester 2010 on Preparation of and Review Guidelines on Financial Statements mandated by MoF.<br><br>YPIA telah ditetapkan sebagai lembaga yang menyediakan diklat eksternal yang khusus dikembangkan untuk dan difokuskan bagi kegiatan Itjen. BPKP tetap menjadi badan yang menyelenggarakan diklat (internal). Sedang dibahas dengan BPK dan Depkeu untuk menyelenggarakan diklat yang relevan bagi Itjen—termasuk kemungkinan menyelenggarakan diklat khusus (persyaratan, teknik, aplikasi pengawasan internal Kertas Kerja berdasrakan PP 60 Thn 2008). Kementerian Keuangan dan BPKP juga menyediakan lokakarya yang ditargetkan |

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|  |   |      |   |  | pada semester pertama Tahun 2010 tentang Persiapan dan Kajian atas Pedoman Penyusunan Laporan Keuangan yang dimandatkan oleh Kementerian Keuangan.  |
| Develop and implement the annual training (including on-the-job training).<br><br>Menyusun, mengimplementasikan diklat tahunan (termasuk pelatihan <i>on-the-job</i> ) | ✓ | 2010 | ✓ |  | Periodic and annual training programs framework has been finalised. External training programs have been approved and details are being developed by YPIA. As noted above, aspects are being implemented in 2010.<br><br>Pengembangan program pelatihan tahunan dan periodic sedang dalam finalisasi. Program pelatihan eksternal telah disetujui dan rincian sedang disusun oleh YPIA. |
| Annually, review training accomplished by each auditor.<br><br>Tiap tahun mereviu diklat yang telah diperoleh oleh setiap auditor.                                     | ✓ | 2010 | ✓ |  | This is part of the development of training and upkeep of records. System is in place to maintain reliable records.<br><br>Hal ini menjadi bagian dari penyusunan diklat dan penyimpanan data.  |

#### 6. Coordination with BPK and BPKP / Koordinasi dengan BPK dan BPKP

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| Communicate with BPK on overall results on internal audit prior to BPK audit of the Ministry's annual financial statements.<br><br>Membicarakan hasil-hasil internal audit dengan BPK sebelum audit BPK untuk Pernyataan Laporan Keuangan Tahunan Departemen PU. |  | 2010 | ✓ |  | Copies of all Internal Audit Reports are sent to BPK throughout the year. In addition, a meeting was held with BPK to discuss the finalisation of the 2009 Financial Statements as part of the year end process.<br><br>Salinan semua Laporan Audit Internal telah disampaikan kepada BPK sepanjang tahun. Selain itu, rapat telah diselenggarakan dengan BPK untuk membahas finalisasi Laporan Keuangan FY 2009 sebagai bagian dari proses akhir tahun. |
| Share audit reports and institutional improvement plans with BPKP.<br><br>Menyerahkan hasil audit beserta rencana kemajuan Departemen kepada BPKP.   |  | 2010 | ✓ |  | An annual report together with a summary of the Internal Audit Reports and Findings are sent to BPKP – already done for 2009.<br><br>Telah disampaikan Laporan Tahunan beserta Ringkasan Laporan Audit Internal dan Temuan-temuan kepada BPKP – selesai dilakukan untuk tahun 2009.  |

**7. Internal Control Analysis (Sistem Pengendalian Interen Pemerintah)**

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| Incorporate the internal control analysis as part of the standard audit procedures.<br><br>Menyatukan analisis pengendalian interen sebagai bagian dari standar prosedur audit.   |  | 2009 |   |  | PP 60 has not been implemented to date. This is because BPKP is working with MoF to develop detailed Guidelines (and presumably supporting Tools) to be used throughout Gol. Some internal control analysis does form part of the RBIA approach.<br><br>PP No. 60 telah dilaksanakan hingga kini. Hal ini dikarenakan BPKP sedang bekerjasama dengan Kementerian Keuangan untuk menyusun Pedoman Rinci (dan termasuk Perangkat pendukungnya) untuk digunakan secara nasional di seluruh Indonesia. Beberapa analisis pengawasan internal telah terbentuk sebagai bagian dari pendekatan RBIA. |
| Institute the practice of review, analysis and reporting on adequacy of internal controls in all audits.<br><br>Membentuk revidi, analisis dan pelaporan atas keseimbangan pengendalian interen pada seluruh audit yang dilakukan.                |  | 2009 |   |  | This will be done as the Guidelines and Tools are received from BPKP.<br><br>Hal ini akan dilakukan sebagai Pedoman dan Tool diterima dari BPKP.  |
|   |  |      |   |  |   |
| Include in the MPW regulation the issues related to follow up and sanctions on audit findings.<br><br>Memasukkan ke dalam peraturan Dep PU permasalahan yang berkaitan dengan Tindak Lanjut dan sanksi atas Temuan.                               |  | 2010 | ✓ |  | This Action Plan has been completed. Sanctions have been included in the MPW regulation complying with enacted regulations.<br><br>Rencana Aksi telah selesai. Sanksi telah dimasukkan sesuai dengan peraturan perundangan Kementerian PU yang berlaku.   |
| Issue report to the Minister, and then publish on the IG website, in summary form, the sanctions imposed on late audit follow ups.<br><br>Menerbitkan laporan kepada Menteri, untuk kemudian dipublikasikan ke website Itjen Dep PU, dalam bentuk |  | 2010 | ✓ |  | The year end Report to BPKP and the Minister outline the status of findings, follow-up and sanctions imposed. The AP relating to publishing on the web site will be discussed at the ministerial level.<br><br>Laporan akhir tahun kepada BPKP dan Menteri yang memaparkan status Temuan-temuan, tindak lanjut dan sanksi yang dibebankan. AP terkait dengan publikasi ke website Itjen akan dibahas pada tingkat menteri.  |

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| ringkasan, mengenai sanksi-sanksi yang akan dikenakan atas Temuan yang terlambat |  |  |  |  |  |
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#### 8. Follow up on audit findings

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| Include in the MPW regulation the issues related to follow up. |  |  | 2010 |  | Discuss with Sec Amien |
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#### 9. Code of Ethics Committee (Komite Kode Etik)

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| Issue IG letter to DGs on the existence and work mechanism of the Committee.<br><br>Menerbitkan surat Itjen kepada direktorat-direktorat jenderal perihal mekanisme kerja Komite  |  |  | 2009 |  | Auditor's Code of Ethics has been established.<br><br>Sudah ada Kode Etik Auditor          |
| Issue and publish on the IG website, a summary annual report of the Committee activities reporting on the number of cases received and processed.<br><br>Menerbitkan dan mempublikasikan pada website Itjen Dep PU ringkasan laporan tahunan kegiatan Komite yang melaporkan kasus-kasus yang diterima dan diproses oleh Komite |  |  | 2010 |  | Auditor's Code of Ethics has been published.<br><br>Sudah dipublikasikan Kode Etik Auditor |

10. Performance Indicators / Indikator Kinerja

|  |   |      |  |  |
|--|---|------|--|--|
| Define IG performance indicators<br><br>Mendefinisikan indikator kinerja Itjen | ✓ | 2009 |  | <p><u>Background:</u> As part of the Annual Performance Reports (LAKIP), the IG (together with all DGs of MPW) is mandated to produce annually the Performance Plan. Year 2009 Performance indicators are defined in Government Institution Performance Accountability Report (LAKIP). This Plan sets out details of the actions proposed for the coming year, and is submitted to the Minister for approval. All annual Plans are then reviewed by the IG (including its own Plan) at the end of the fiscal year – the 2009 Plans will be reviewed and finalised by April 2010, and a report is then presented to the Minister. In 2010, the new performance indicators based on MPW's Primary Performance Indicator will be defined.</p> <p>This process as applicable to the IG will be reviewed as part of the Action Plan – but action on this was deferred to 2010, and based on current program and Work Plans, this will be addressed in the second semester 2010.</p> <p>Discuss revised section with Sec Amien</p> <p><u>Latar Belakang:</u> Sebagai bagian dari Laporan Kinerja Tahunan (LAKIP), Irjen (bersama-sama dengan semua Dirjen Kementerian PU) ditugaskan untuk membuat Rencana Kinerja setiap tahun. Indikator Kinerja Inspektorat Jenderal sudah ditetapkan dalam Laporan Akuntabilitas Kinerja Instansi Pemerintah Inspektorat Jenderal Tahun 2009. Rencana ini berisikan rincian tentang kegiatan yang diusulkan untuk tahun berikutnya, dan dikirimkan kepada Menteri guna mendapatkan persetujuan. Semua Rencana tahunan kemudian akan dikaji oleh Irjen (termasuk Rencananya sendiri) pada akhir tahun anggaran – Rencana tahun 2009 akan dikaji dan diselesaikan bulan April 2010 dan Laporan kemudian disajikan kepada Menteri. Pada tahun 2010, indikator kinerja yang baru berdasarkan Indikator Kinerja Utama Kementerian PU akan ditentukan.</p> <p>Proses ini yang berlaku bagi Irjen akan dikaji sebagai bagian dari Rencana Aksi, akan tetapi kegiatan ini dilakukan pada tahun 2010 dan berdasarkan program dan Rencana Kerja saat ini, hal ini akan dilakukan pada semester kedua tahun 2010.</p> |
| Develop mechanism to monitor the indicators                                    | ✓ | 2009 |  | <p>This process as applicable to the IG will be reviewed as part of the Action Plan – but action on this was deferred to 2010, and based on current program and Work Plans, this will be addressed in the second semester 2010.</p>  |

|  |   |      |  |  |  |
|--|---|------|--|--|--|
| Menyusun mekanisme untuk memonitor indikator.  |   |      |  |  | <p>Mechanism to monitor performance indicator has been developed.</p> <p>Discuss with Sec Amien</p> <p>Proses ini yang berlaku bagi Irjen akan dikaji sebagai bagian dari Rencana Aksi, akan tetapi kegiatan ini dilakukan pada tahun 2010 dan berdasarkan program dan Rencana Kerja saat ini, hal ini akan dilakukan pada semester kedua tahun 2010. Telah disusun mekanisme untuk memonitor indikator.</p>   |
| <p>Start reporting on performance indicators.</p> <p>Mulai melaporkan indikator kinerja.</p> | ✓ | 2010 |  |  | <p>This process as applicable to the IG will be reviewed as part of the Action Plan – but action on this was deferred to 2010, and based on current program and Work Plans, this will be addressed in the second semester 2010.</p> <p>Currently under development. (Discuss with Sec Amien)</p> <p>Proses ini yang berlaku bagi Irjen akan dikaji sebagai bagian dari Rencana Aksi, akan tetapi kegiatan ini dilakukan pada tahun 2010 dan berdasarkan program dan Rencana Kerja saat ini, hal ini akan dilakukan pada semester kedua tahun 2010.</p> <p>Sedang dalam proses.</p> |

### ***Background and Progress***

#### Implementation

1. Three audits were selected for focused RBIA introduction for the December Quarter 2009.

Tiga audit telah terpilih untuk difokuskan untuk pengenalan RBIA pada Kuartal Desember 2009

2. To prepare for this, a series of five-day workshops were held for all IG staffs from August 24 through September 06 2009.

Persiapan untuk ini: workshop selama 5 hari telah dilaksanakan untuk seluruh staf Itjen dari tgl 24 Agustus sampai 06 September 2009



3. Beginning mid-September, with the Consultants providing the lead, a detailed exercise was carried out to implement the fundamentals of RBIA: development of the Risk Profiles of all auditees in the Quarter at the various projects within the Satkers, and the selection of the Satkers to be audited on a Pilot-Test basis. It was agreed that the highest-risk-ranked audit in each of the 3 sectors (Bina Marga, Cipta Karya and SDR – Water Resources) would be selected for the Pilot-Test. For those selected a detailed action plan was developed, including a micro-risk profile, supported by detailed audit programs.

Mulai pertengahan September, dengan dipimpin oleh para konsultan, latihan praktek dilaksanakan untuk mengimplementasikan dasar-dasar RBIA: penyusunan Profil Risiko dari seluruh auditi, untuk seluruh proyek yang dikerjakan satker, dan pemilihan satker untuk diaudit sebagai proyek percontohan (pilot-test). Telah disepakati bahwa pemilik risiko ranking tertinggi pada masing-masing 3 sektor (Bina Marga, Cipta Karya dan SDA) akan dipilih sebagai proyek percontohan (pilot-test). Bagi yang terpilih, program kerja disusun secara detil, termasuk profil risiko mikro, dengan didukung oleh program-program audit yang detil.

4. Audits were then conducted by IG staff: at each location a Consultant Staff was allocated to work with the IG Staff to hand-hold and act as a resource for advice and mentoring.

Kemudian Audit dilakukan oleh staf Itjen: pada setiap lokasi seorang staf konsultan ditugaskan untuk bekerja bersama staf Itjen untuk membantu dan bertindak sebagai nara sumber dan mentoring.

#### **Results and Findings of the Pilot Testing Program / Hasil dan Temuan dari Program Proyek Percontohan**

##### **Planning / Perencanaan**

1. Given this is a new concept for IG staffs, understandably staff had difficulty in determining Macro Risk Profiling and the attributes to be considered. This difficulty was compounded at the Micro Risk Assessment level.

Karena hal ini (RBIA) masih termasuk konsep yang baru bagi staf Itjen, dapat dipahami ketika para staf menemui kesulitan di dalam menentukan Profil Risiko Makro dan unsur-unsur yang relevan di dalamnya. Kesulitan ini juga ditemukan pada tingkat Penilaian Risiko Mikro.

2. The principal difficulty noted was that specific current background and detailed operations documents (on the Satkers to be audited) - which are necessary to develop the Risk Profiles at both the Macro and Micro levels – and other basic information and data necessary for the desk review was either not available or not reliable. Much of this difficulty was compounded by two other factors: Staff allocated were new to the particular audits and their inexperience showed; and a lack of historical documents in the IG Workpaper systems (normally Permanent and Current Workpapers which provide a historical perspective of the auditee and the problems encountered in past audits). (Audit approach is being reformulated and Audit Team Leader and selected staff, will go in-field to obtain the information and data – rather than the desk review in Jakarta).

Sebagian besar dari kesulitan tersebut berkaitan dengan: kurangnya latar belakang dan dokumen pendukung yang terdapat pada satker untuk diaudit yang mana hal ini

penting untuk menyusun Profil Risiko pada tingkat Makro dan Mikro; dan informasi dasar dan data lain yang dibutuhkan untuk tujuan pengkajian tidak tersedia ataupun tidak terpercaya. Sebagian besar dari kesulitan ini juga dipengaruhi oleh 2 faktor lain, yaitu Staff yang dialokasi adalah pengawai baru untuk melakukan audit khusus dan tidak memiliki pengalaman; dan kurangnya dokumen historis dalam sistem Kertas Kerja Inspektorat Jenderal (umumnya Kertas Kerja Permanen dan Aktual yang memberikan perspektif historis kepada auditi serta permasalahan yang pernah ada dalam audit sebelumnya). (Pendekatan audit diformulasi ulang dan Pimpinan Tim Audit serta staf yang terpilih akan pergi ke lapangan guna mendapatkan informasi dan data, bukan melakukan pengkajian di Jakarta)

**Results and Findings of the Pilot Testing Program / Hasil dan Temuan dari Program Proyek Percontohan** (Continued)

**Execution (Field Audit) / Pelaksanaan (Audit di Lapangan)**

1. Similar difficulties as noted in #2 above were encountered.

Kesulitan/masalah-masalah yang sama dengan poin 2 Perencanaan juga terjadi.

2. Additional difficulties noted / Kesulitan/masalah tambahan:

2.1. Staff had competing priorities: intention was that they would concentrate solely on RBIA for the selected projects within the selected Satkers; in fact, they found in the field there were attributes out of the audit priority planning program. They still had to review every project (as previously done): not just concentrate on RBIA planning – because of insufficient data and information during audit planning which required a re-plan the whole RBIA audit program; thus creating time pressures and frustrations; staffs could not possibly do all that work and apply all RBIA principles;

Staf kesulitan dalam menentukan prioritas-prioritas mana yang lebih diutamakan: rencananya adalah para staf akan berkonsentrasi hanya pada penerapan persiapan RBIA untuk proyek-proyek tertentu pada satker terpilih; pada kenyataannya ditemukan di lapangan hal-hal di luar perencanaan audit yang mempunyai prioritas untuk diaudit. Sehubungan dengan hal tersebut, mereka masih harus mereviu setiap proyek (sebagaimana biasa dilakukan), tidak hanya berfokus pada perencanaan RBIA- karena informasi dan data tidak lengkap sewaktu perencanaan audit, sehingga para staf harus melakukan perencanaan RBIA ulang seluruh pekerjaan; - -Sehingga hal ini menimbulkan tekanan akan keterbatasan waktu dan frustasi; staff kemungkinan tidak bisa melakukan semua pekerjaan tersebut dan menerapkan semua prinsip RBIA.

2.2. The conventional audit approach to preparing workpapers supporting the work programs is to progressively develop the workpapers as the Audit Work Program is carried out, and to prepare the findings as part of that process: past practice has been to determine findings and then to develop limited workpapers to support such findings – a predetermined Audit Work Program is not developed as part of the Planning phase. As a result (including data and information insufficiency), this was a time consuming exercise which they found frustrating;

Commencing late 2009, Regulations no. 6 and 7 are being implemented and the process henceforth is to determine the Audit Work Program as part of the Planning phase,

followed by the Field Audit when workpapers are developed to support the findings determined in the process.

Pendekatan audit konvensional dalam mempersiapkan Kertas Kerja yang mendukung Program Kerja agar secara progresif mengembangkan Kertas Kerja sebagai Program Kerja Audit diberlakukan, dan untuk mempersiapkan Temuan-temuan sebagai bagian dari proses tersebut: praktek lama dilakukan untuk mendapatkan Temuan-temuan dan kemudian mengembangkan Kertas Kerja yang terbatas guna mendukung Temuan tersebut – Program Kerja Audit yang ditentukan awal tidak dikembangkan sebagai bagian dari Tahap Perencanaan.. Alhasil, (termasuk adanya informasi dan data yang tidak memadai), praktek ini memakan waktu yang mengakibatkan timbulnya frustrasi bagi staf;

Semenjak akhir tahun 2009, Peraturan No. 6 dan 7 telah diterapkan dan proses oleh karenanya dimaksudkan untuk menentukan Program Kerja Audit sebagai bagian dari Tahap Perencanaan, diikuti dengan Audit Lapangan ketika Kertas Kerja dibuat guna mendukung Temuan-temuan yang diperoleh selama proses.

2.3. MPW Regulation no. 6 (Construction Technical Audits), no. 7 (Complete Inspection – Comprehensive Audits including Financial) and no. 8 (Fraud) of 2008 restructured fundamental audit approaches, including using risk management analysis, and have not been implemented fully. Discussions indicate they have problems in understanding the Regulations and thus implementing them.

Late year 2009 was the starting year to implement these regulations - particularly Regulation no. 6 (since that is easier for the mostly engineering staffs). It is understandable that implementation necessarily takes time and process to socialise to all staffs. Staff requested more guidance and tools on implementing RBIA (particularly how to assess Risk-profile when doing Technical Audits).

Peraturan Menteri PU No. 06 Thn 2008 (Audit Teknik Konstruksi), No. 07 Thn 2008 (Inspeksi Lengkap – Audit Komprehensif termasuk Finansial) dan No. 08 tahun 2008 (Penipuan) telah memuat dasar-dasar pendekatan pemeriksaan termasuk dengan menggunakan analisis manajemen risiko dan belum dilaksanakan secara penuh. Berbagai diskusi mengindikasikan bahwa mereka menghadapi permasalahan dalam memahami Peraturan tersebut dan kemudian pelaksanaannya.

Akhir tahun 2009 merupakan awal tahun keberlakuan peraturan-peraturan tersebut, khususnya Permen PU No. 06 Tahun 2008 (sejak saat itu lebih mudah bagi kebanyakan staf teknik). Sangat dipahami dalam penerapan seluruh ketentuan yang ada dalam peraturan tersebut memerlukan waktu dan proses sosialisasi kepada seluruh staf. Staf meminta tambahan arahan dan petunjuk untuk melaksanakan RBIA (khususnya bagaimana menilai Profil Risiko ketika melaksanakan Audit Teknik).

2.4. Implementation of RBIA is always easier when Management (i.e. at MPW) has already done Risk assessments; MPW has not advanced to that stage.

Pelaksanaan RBIA akan lebih mudah ketika pihak Manajemen Dep PU telah melaksanakan Penilaian Risiko; Dep PU masih belum berada pada tingkatan tersebut.

2.5. To the extent they were able to, the work was diligently carried out and the results were satisfactory.

Pada kasus di mana hal ini (penilaian risiko) dapat dilakukan, RBIA diterapkan dengan tertib dan hasilnya memuaskan.

***Results and Findings of the Pilot Testing Program / Hasil dan Temuan dari Program Proyek Percontohan***

**Lessons Learned / Pelajaran yang Diambil**

1. A whole new approach to time allocation for audits will have to be adopted: present approach of allowing a standard two weeks in-field for all audits regardless of size / complexity is unsatisfactory and does not give staff enough time to conduct proper audits;

Suatu pendekatan baru untuk menentukan alokasi waktu audit akan harus diadopsi: pendekatan yang biasa dilakukan adalah memberi waktu selama 2 minggu untuk audit lapangan - hal ini tidak memuaskan dan tidak memberi staf waktu yang cukup untuk melakukan audit yang baik.

2. It would appear that that Audit fundamentals are weaker than the original assessments by WB when setting the Triggers. If the present guidelines (Regulations no. 6, 7 and 8) are followed diligently, they would provide a good foundation for implementing RBIA: RBIA is a technique that refines the selection process of where most time will be spent in order to achieve best objectives – once that is done, the detailed work is the same as in a traditional audit (RBIA focuses the extent and selection of such work). This finding means that IG staff have to be given more training (internal workshops, external courses etc.) in audit fundamentals and the applicable Regulations as a stepping stone to implementing RBIA; Audit fundamentals need to be frequently reinforced to strengthen staffs capability.

Terlihat bahwa dasar-dasar Audit lebih lemah dibandingkan dengan penilaian awal yang dilakukan Bank Dunia ketika menentukan Trigger. Jika pedoman yang berlaku saat ini (Peraturan Menteri No. 06, 07 dan 08 Tahun 2008) diterapkan dengan baik, peraturan-peraturan ini akan memberikan dasar yang baik untuk penerapan RBIA: RBIA adalah suatu teknik yang menyempurnakan proses seleksi guna menentukan mana yang akan paling memakan waktu agar mendapatkan objektivitas terbaik -- pada saat RBIA ini dilakukan, maka detail pekerjaan selebihnya akan sama dengan audit biasa (RBIA fokus pada seleksi sejauh mana suatu audit dilakukan). Temuan ini berarti bahwa staf Itjen harus diberikan lebih banyak pelatihan (internal workshop, diklat-diklat, dll) di bidang Dasar-dasar Audit dan Peraturan-peraturan yang dapat dilaksanakan sebagai dasar pelaksanaan RBIA; dasar-dasar audit perlu secara frekuen diterapkan guna memperkuat kemampuan staf.

3. There is a lack of focus in doing Financial Audits (part of the Comprehensive Audits): this is largely due to the fact that most IG staff do not have a financial background (they are mainly engineers). Thus little, if any financial audit is done. This brings up the question of the balance between Technical Audits (where the emphasis is presently) and Financial Audits – and therefore the resources required to fill the IG mandates.

Kurangnya fokus dalam melakukan Audit Keuangan (sebagai bagian dari Audit Menyeluruh): hal ini terjadi karena pada kenyataannya sebagian besar staf Itjen tidak memiliki latar belakang pendidikan keuangan (sebagian besar adalah Sarjana Teknik). Oleh sebab itu, *jika pun sempat dilakukan*, audit keuangan dilakukan dengan porsi yang sangat sedikit. Hal ini menimbulkan pertanyaan mengenai keseimbangan antara Audit Keteknikan (dimana sangat ditekankan oleh Itjen) dengan Audit Keuangan— yang mana sumber daya dibutuhkan untuk memenuhi mandat yang diemban oleh Itjen.

4. By discussion and general consensus with staff and senior management, it has been decided that a Task Force will be set up to assist in directing how and where the audit focus should be. Broad ToRs of the Task Force (see attached for the detailed ToRs) are:

Hasil diskusi dan konsensus dengan para staf dan manajemen senior, telah diputuskan untuk dibentuk suatu Task Force yang bertugas membantu mengarahkan bagaimana

dan di mana fokus suatu audit. Referensi kerja tugas dari Task Force adalah:

4.1. Assist the IG in determining the balance between Technical Audits and Financial Audits in order to meet the mandates under statute; and as a result how this can be achieved and the resources required; To achieve this,

Task Force will provide International Standards and National Standards in both Financial and Technical Audits, and also develop Manuals for Audit Implementations within IG MPW to complement the existing regulations;

Membantu Itjen dalam menentukan keseimbangan antara Audit Keteknikan dengan Audit Keuangan sebagaimana yang dimandatkan oleh peraturan perundangan; dan sebagai hasilnya bagaimana hal ini dapat dicapai dan sumber daya diperoleh. Untuk mencapai ini, Task Force akan memberikan Pedoman-pedoman Standar Internasional dan Standar Nasional baik dalam rangka Audit Keuangan maupun Audit Keteknikan, serta menyusun Panduan untuk pelaksanaan audit di lingkungan Inspektorat Jenderal Kementerian Pekerjaan Umum guna melengkapi peraturan yang ada;

4.2. Review and provide guidance on the Audit Programs and Tools (to be developed by Technical Consultants - funded by IndII) which will consolidate all the Laws and Regulations laying out the mandates of the IG, refining and improving Regulations no. 6, no. 7 and no. 8 of 2008 to clarify areas unclear – build on existing material, using RBIA applications; introducing international standards for financial audits; and

Mereviu dan memberi arahan atas Program Audit dan Perangkatnya (yang akan dibentuk oleh Konsultan Teknik yang dibiayai oleh IndII) yang mana akan mengkonsolidasi seluruh peraturan dan hukum yang mendasari mandat Itjen Dep PU, memperjelas dan memperbaiki Permen PU No. 06, 07, dan 08 tahun 2008 guna menejlaskan ketentuan-ketentuan yang tidak jelas – mengembangkan bahan-bahan yang tersedia, penggunaan aplikasi RBIA; memperkenalkan standar internasional untuk audit keuangan; dan

4.3. Providing guidance on the ‘roll-out’ of 4.2. to staff in workshops and targeted staff training.

| Provinces               | Sector     | DETIL SATKER<br><small>(SATKER DETAILS)</small> |                    |   |  | AUDITEE TERPILIH  |    |     |    |       |  |      |    |     |    |                                 |  |                     |          |     |         |       |
|-------------------------|------------|---|--------------------|---|--|---|----|-----|----|-------|--|------|----|-----|----|---------------------------------|--|---------------------|----------|-----|---------|-------|
|                         |            |   |                    |   |  | AUDIT PENDAHULUAN<br><small>(DESK AUDIT)</small>                  |    |     |    |       | AUDIT LAPANGAN<br><small>(FIELD TESTING)</small>                               |      |    |     |    |                                 |  |                     |          |     |         |       |
|                         |            | Nama Satker<br><small>(Name of Satker)</small>  | Sub-Satker/<br>PPK | Jumlah Paket<br><small>(Number of Packages)</small> | Nilai Pagu<br>dim Miliar<br><small>Amount in IDR Billion</small> | Penilaian Risiko Awal<br><small>(Initial Risk Assessment)</small> |    |     |    |       | Penilaian Resiko Setelah Perbaikan<br><small>(Revised Risk Assessment)</small> |      |    |     |    |                                 | Pelaksanaan Audit Faktual<br><small>(Actual Achievement)</small> |                     |          |     |         |       |
|                         |            |   |                    |   |  | E   | H  | M   | L  | Total | Revised  |      |    |     |    | Pagu / Amount<br>in IDR Billion | as % of Total in<br>Satker                                       | Comprehensive Audit |          |     |         |       |
|                         |            |   |                    |   |  |   |    |     |    |       | Y/N  | E    | H  | M   | L  |                                 |  | Total               | Technics | Adm | Finance | Total |
| (2)                     | (3)        | (4)   | (5)                | (6)   | (7)  | (8)   |    |     |    |       | (9)  | (10) |    |     |    |                                 | (11)   | (12)                | (16)     |     |         |       |
| Nangroe Aceh Darussalam | Bina Marga | Development Road & Bridges                      | 7                  | 22  | 111  |   |    | 10  |    | 10    | N  |      |    | 10  | 10 | 107                             | 96.40  | 9                   |          |     | 9       |       |
|                         |            | Preservation Road & Bridges                     | 11                 | 26  | 20   |   |    | 9   | 2  | 11    | N  |      |    | 9   | 9  | 17                              | 85.00  | 10                  |          |     | 10      |       |
|                         |            | Planning and Monitoring Road & Bridges          |                    | 21  | 22   |   | 2  | 8   |    | 10    | Y  |      | 2  | 6   | 8  | 21                              | 95.45  | 8                   |          |     | 8       |       |
| South Sumatera          | Bina Marga | Development Road & Bridges                      | 9                  | 19  | 200  |   |    | 11  |    | 11    | Y  |      |    | 9   | 9  | 97                              | 48.50  | 9                   | 9        | 9   | 27      |       |
|                         |            | Preservation Road & Bridges                     | 6                  | 28  | 46   |   |    | 11  |    | 11    | Y  |      |    | 9   | 9  | 26                              | 56.52  | 9                   | 9        | 9   | 27      |       |
|                         |            | Planning and Monitoring Road & Bridges          |                    | 26  | 14   |   |    | 11  |    | 11    | Y  |      |    | 10  | 10 | 9                               | 64.29  | 10                  | 10       | 10  | 30      |       |
| East Java               | SDA        | PPSDA Brantas                                   | 12                 | 176   | 507  |   | 5  | 39  |    | 44    | Y  |      | 4  | 20  | 24 | 60                              | 11.83  | 24                  | 24       |     | 48      |       |
|                         |            | Balai Besar Brantas                             | 3                  | 78  | 64   |   |    | 16  |    | 16    | Y  |      |    | 14  | 14 | 7                               | 10.94  | 4                   | 14       |     | 18      |       |
| West Kalimantan         | Bina Marga | Development Road & Bridges                      | 8                  | 12  | 659  |   |    | 8   |    | 8     | N  |      |    | 8   | 8  | 652                             | 98.94  | 8                   | 8        |     | 16      |       |
|                         |            | Preservation Road & Bridges                     | 6                  | 33  | 80   |   |    | 8   |    | 8     | N  |      |    | 8   | 8  | 20                              | 25.00  | 8                   | 8        |     | 16      |       |
|                         |            | Planning and Monitoring Road & Bridges          |                    | 18  | 18   |   |    | 9   |    | 9     | N  |      |    | 9   | 9  | 6                               | 33.33  | 8                   | 8        | 8   | 16      |       |
| Central Kalimantan      | Bina Marga | Development Road & Bridges I                    | 10                 | 16  | 165  |   |    | 8   |    | 8     | Y  |      |    | 7   | 7  | 74                              | 44.85  | 4                   | 3        |     | 7       |       |
|                         |            | Development Road & Bridges II                   | 6                  | 9   | 68   |   |    | 5   |    | 5     | N  |      |    | 5   | 5  | 42                              | 61.76  | 5                   | 1        |     | 6       |       |
|                         |            | Preservation Road & Bridges                     | 10                 | 36  | 37   |   |    | 5   |    | 5     | N  |      |    | 5   | 5  | 16                              | 43.24  | 5                   |          |     | 5       |       |
| NorthSulawesi           | Bina Marga | Development Road & Bridges                      | 7                  | 15  | 200  |   | 6  |     |    | 6     | Y  |      | 4  |     | 4  | 84                              | 42.00  | 4                   | 4        | 4   | 12      |       |
|                         |            | Preservation Road & Bridges                     | 10                 | 72  | 102  |   | 5  |     |    | 5     | Y  |      | 4  |     | 4  | 12                              | 11.76  | 4                   | 4        | 4   | 12      |       |
|                         |            | Planning and Monitoring Road & Bridges          |                    | 19  | 14   |   | 5  |     |    | 5     | N  |      | 5  |     | 5  | 4                               | 28.57  | 5                   | 5        | 5   | 15      |       |
| South Sulawesi          | SDA        | Balai Besar Pompengan                           | 5                  | 26  | 29   |   |    | 8   |    | 8     | Y  |      |    | 6   | 6  | 5                               | 17.24  | 1                   | 5        |     | 6       |       |
|                         |            | PPSDA Pompengan - Sulsel                        | 12                 | 59  | 411  |   |    | 10  |    | 10    | Y  |      |    | 4   | 4  | 234                             | 56.93  | 3                   | 3        |     | 6       |       |
|                         |            | PPSDA Pompengan - Sulbar                        | 5                  | 21  | 50   |   |    | 10  |    | 10    | Y  |      |    | 6   | 6  | 39                              | 78.00  | 5                   | 3        |     | 8       |       |
| DKI Jakarta             | SDA        | BBWS Ciliwung                                   | 3                  | 27  | 8  |   |    |     | 11 | 11    |  |      |    | 11  | 11 | 5                               | 62.50  | 10                  | 11       | 1   | 22      |       |
|                         |            | PPSDA Ciliwung                                  | 5                  | 25  | 132  |   | 2  | 9   | 2  | 13    | Y  |      | 3  | 9   | 12 | 118                             | 89.39  | 12                  | 12       |     | 24      |       |
| TOTAL                   |            |   | 135                | 784   | 2,957  | -   | 25 | 195 | 15 | 235   | -  | -    | 22 | 154 | 11 | 187                             | 1,655  | 55.97               | 157      | 141 | 50      | 348   |

ns:

Number of Provinces selected for Pilot Testing (PP2). The Selection was done using the database collected earlier using the Book A (Audit Universe - Draft Guidance Material on RBIA).

Name of Province selected for examination.

Sector under examination. The Selection was done using the database collected earlier using the Book A (Audit Universe -Draft Guidance Material on RBIA). For this around 2-3 Satkers from each province were selected.

Name of Satker selected for examination.

Each Satker may have branches known as sub-Satker or PPK (Officer who is responsible for making the commitment/contract/ or Packages.

The number of packages within the Satker (either directly or via a sub-Satker) - ie the total field for from which selection is made for detailed work.

The total value in IDR of the packages being handled by the Satker.

Before doing the field work, the teams carry out the preliminary survey as a desk review to make a risk assessment and to analyze the risks into categories using Book D (Detailed Package Selection - Draft Audit Guidance Material); E= Extreme; H=High; M=Medium; L= Low. The packages with the highest risks are then selected for closer examination.

In theory, the Desk Review is followed by a reassessment of the risk categories during the early stages of the Field Testing exercises - by discussions with Satker officials more familiar with risks.

This is the result of the reassessments. Invariably, the number of Packages selected for detailed examination is reduced (from the original selection) but not nearly enough under RBIA principles for a good practical examination - see also comments on the RBIA model. The number of volumes selected for detailed examination.

Value of Packages selected for detailed audit.

This column shows the Value of Packages selected as a %age of the total value of Packages at the Satker.

**The Proof of the Pudding!** The purpose of the field testing was to do a Comprehensive Audit which has 3 categories covering Technical Audits; Administration Reviews and Financial Audits. Actual achievement of the areas covered is shown in these columns.

These columns show what was actually achieved not counting the quality of the work See also other commentary under Lessons Learned to be addressed in PP3

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