

Collaborative Audit to Enhance Quality and Coverage of Audit on COVID-19 Response and National Economic Recovery



Agenda Item 13

The Audit Board of the Republic of Indonesia
Bringing the Light to the Nation

TOPICS



Pandemic situation and its impacts

01

Government responses to COVID-19

02

Audit Strategy on Covid-19 Response and National Economic Recovery

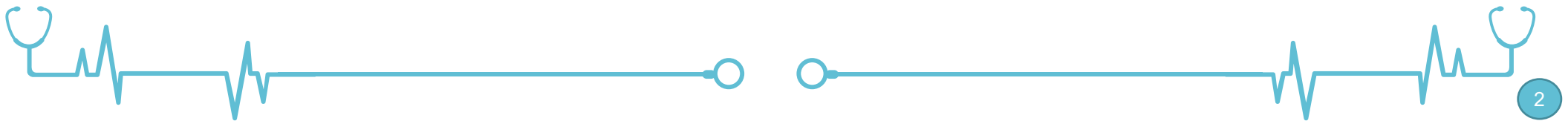
03

04

Main audit results

05

Lessons learned from the audit



The COVID-19 Impacts



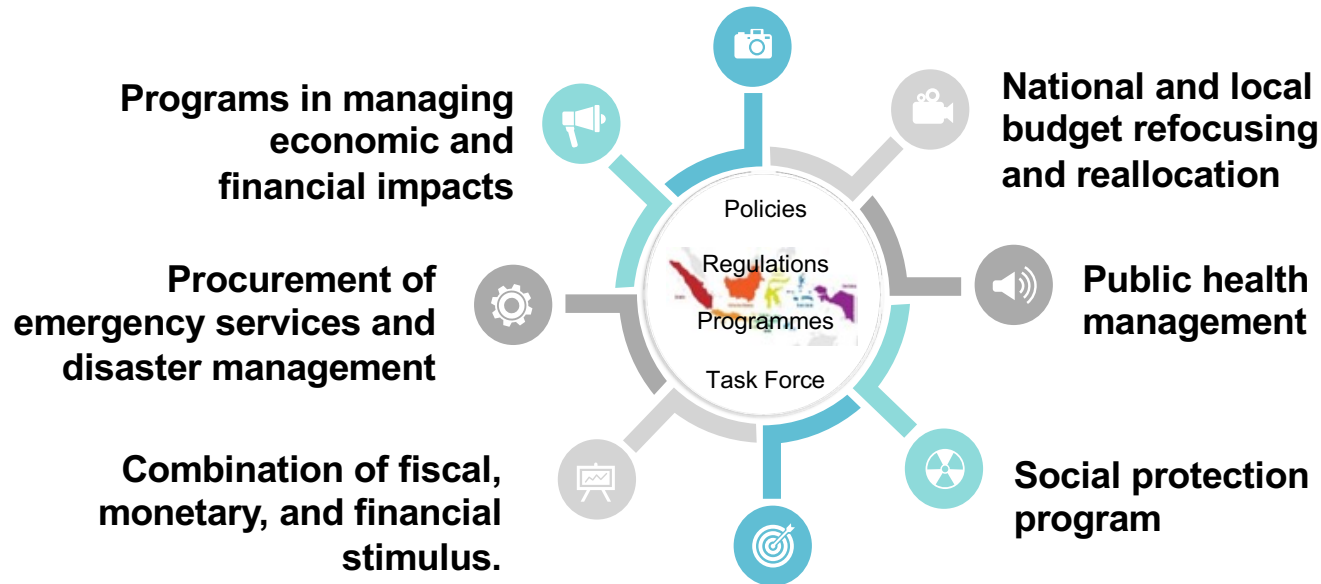
Health sector crisis

Economics crisis

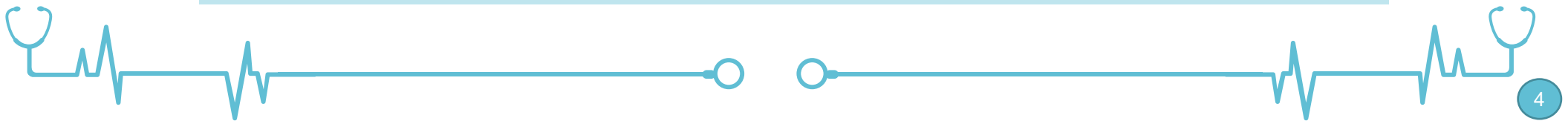
Financial crisis

Social life crisis

Government Responses to Covid-19



Law No. 2 of 2020 concerning the Policy on the State Finance and Financial System Stability to Manage the Pandemic and/or Against Threats Endangered the National Economy and/or Financial System Stability



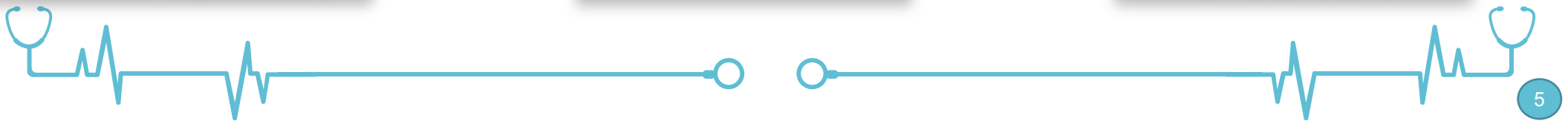
Public Finance Policy in Responding Covid-19



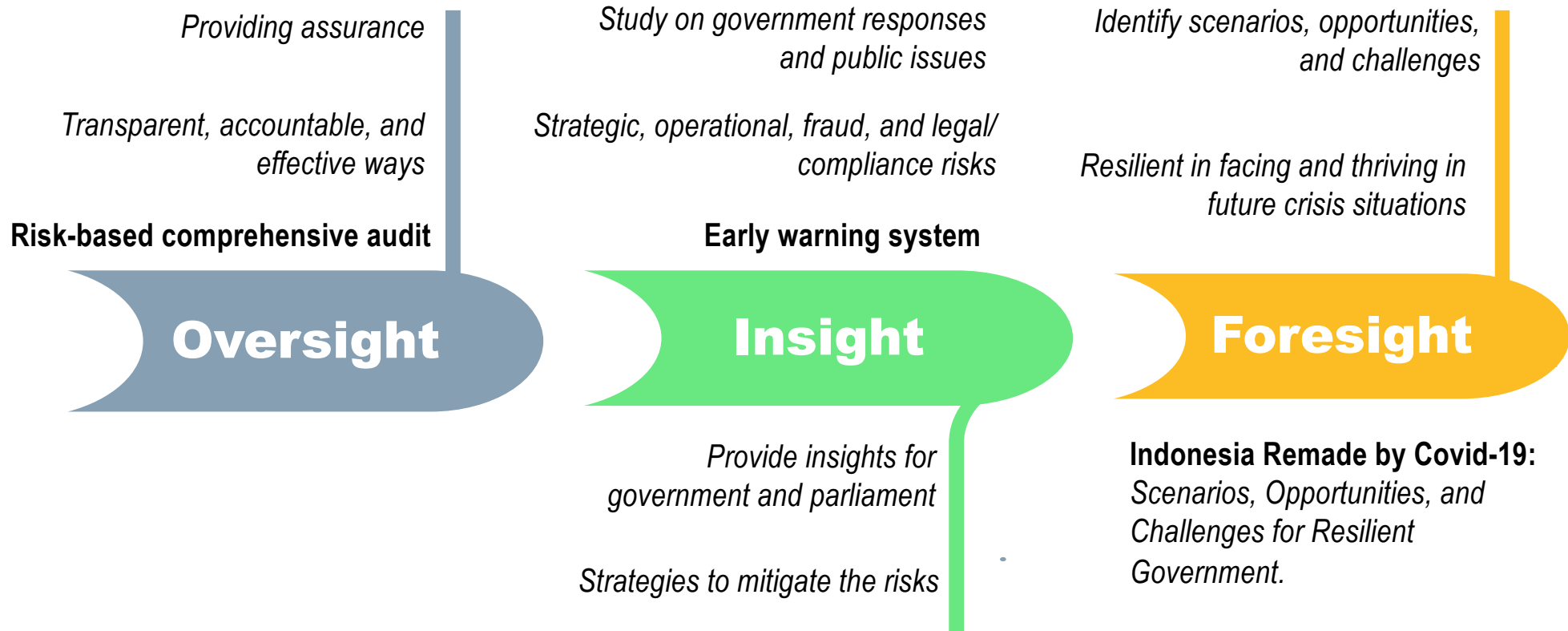
**Countercyclical policy:
decreased revenue
simultaneously with
increased expenditure**

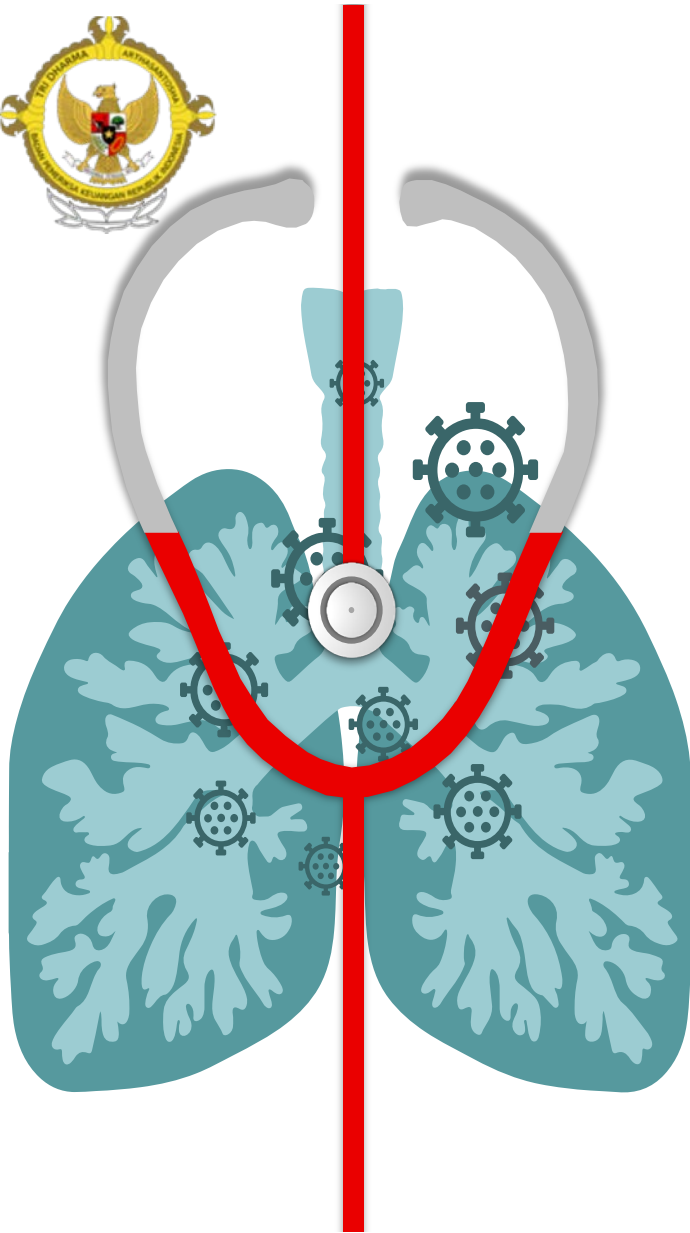
**Larger national
budget deficit**

**Financing strategy by
issuing government
bonds and utilizing
reserve funds**



BPK's Audit Strategy





Major Audit Questions

01

How large are the budget allocations and by what mechanism were they provided? What was the budget to be used for?

02

How much of the budget was actually spent? Was this in accordance to its purpose?

03

Were the aid received by the entitled persons/parties? Were they received on time, in the right amount, and at an appropriate quality?

04

Had all transactions been recorded, reported, and accounted for in line with stated purpose?

05

Were there any violations of provisions and misuse of budgets during the Covid-19 pandemic emergency?

06

Had the procurement of goods and services been carried out in accordance with the provisions of laws and regulations?

07

Had the Covid-19 pandemic disaster management been carried out adequately?



Audit Scope



Government programs in responding COVID19

- 1) Budget refocusing & reallocation;
- 2) Health-sector management;
- 3) Social protection program,
- 4) National economic recovery programs,
- 5) Procurements in terms of emergency situation



Programs' funding sources:

- 1) national and local government budget;
- 2) budget from monetary sectors;
- 3) budget from state and local owned enterprises;
- 4) community grant funds managed by government.



COVID-19 management phases:

- 1) planning and budgeting,
- 2) implementation,
- 3) monitoring and evaluation, as well as
- 4) reporting and accountability

Operational Considerations

- Conducted on 27 ministries/agencies, 10 state-owned enterprises, and 204 local governments
- Audits have been conducted from mid of 2020 up to first quarter of 2021
- a working group to SUPPORT AUDITS

Collaborative Audit: Wide-scale Audit On COVID-19



- Quickly identify risks and problems on government efforts in handling Covid-19 pandemic
- Determining the nature, timing, and scope of Covid-19 audits
- Effective communication channel to identify current issues related to government programs in handling Covid-19

Performed by **remote-audit approaches** with guidelines and tools also **information technology support**

Audit Results



Reports

241 Audit Reports

- 111 – Performance Audit
- 130 – Compliance Audit (specific purpose audit)

Findings

2,170 findings consist of 2,843 problems

- 887 – *internal control weakness*
- 715 – *problems related to compliance*
- 1,241 – *problems related to 3E*

Problems

- un-integrated policies among Government Entities
- problematic social assistance delivery
- invalid data
- budget implementation short-comings
- unreliable emergency resources procurement

BPK provides 5,754 recommendations

Conclusion: The management of COVID-19 pandemic need improvements to ensure the effectiveness and compliance to regulations in emergency and recovery situation



01 SAI as a Government's Trusted Friend

- Give input to each others
- Provides insight to governments
- No tolerate to fraud
- Enforcement of accountability will not stopping government to accelerate their effort to handling covid19

03 Updating Audit Risks

The pandemic may cause change in government's policies, priorities, as well as their business processes. Therefore, SAI need to update the risks of the policies, programs and entities.

02 Do Quick Study

- SAI should make quick study since the disaster may be unprecedented and may lead to a bigger uncertainty
- SAI needs to understand the pandemic or disasters, studying success and fail stories from other countries, and learn from the past as soon as possible

04 Being Agile In Performing The Audits

- A quick and reliable audit result will help public to oversee and put trust to the government.
- SAI quick responses will send a message to the government to ensure their accountability
- Optimizing the use of information and communication technology, as well as cooperation with internal auditors to accelerate the audit process.

Lessons Learned From The Audit



THANK YOU

The Audit Board of the Republic of Indonesia

2021