



The Audit Board of the Republic of Indonesia
(Badan Pemeriksa Keuangan/BPK)

**PREVENTING AND COMBATING
CORRUPTION
CHALLENGES AND ACCOMPLISHMENTS
BPK's EXPERIENCES**



AGENDA



01

BPK's Audits & Roles to Prevent and Fight against Corruption

02

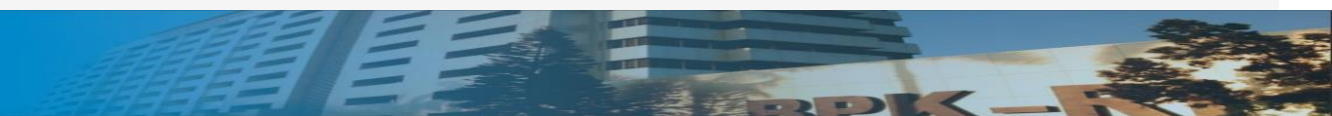
BPK's Challenges

03

BPK's Efforts to Overcome the Challenges

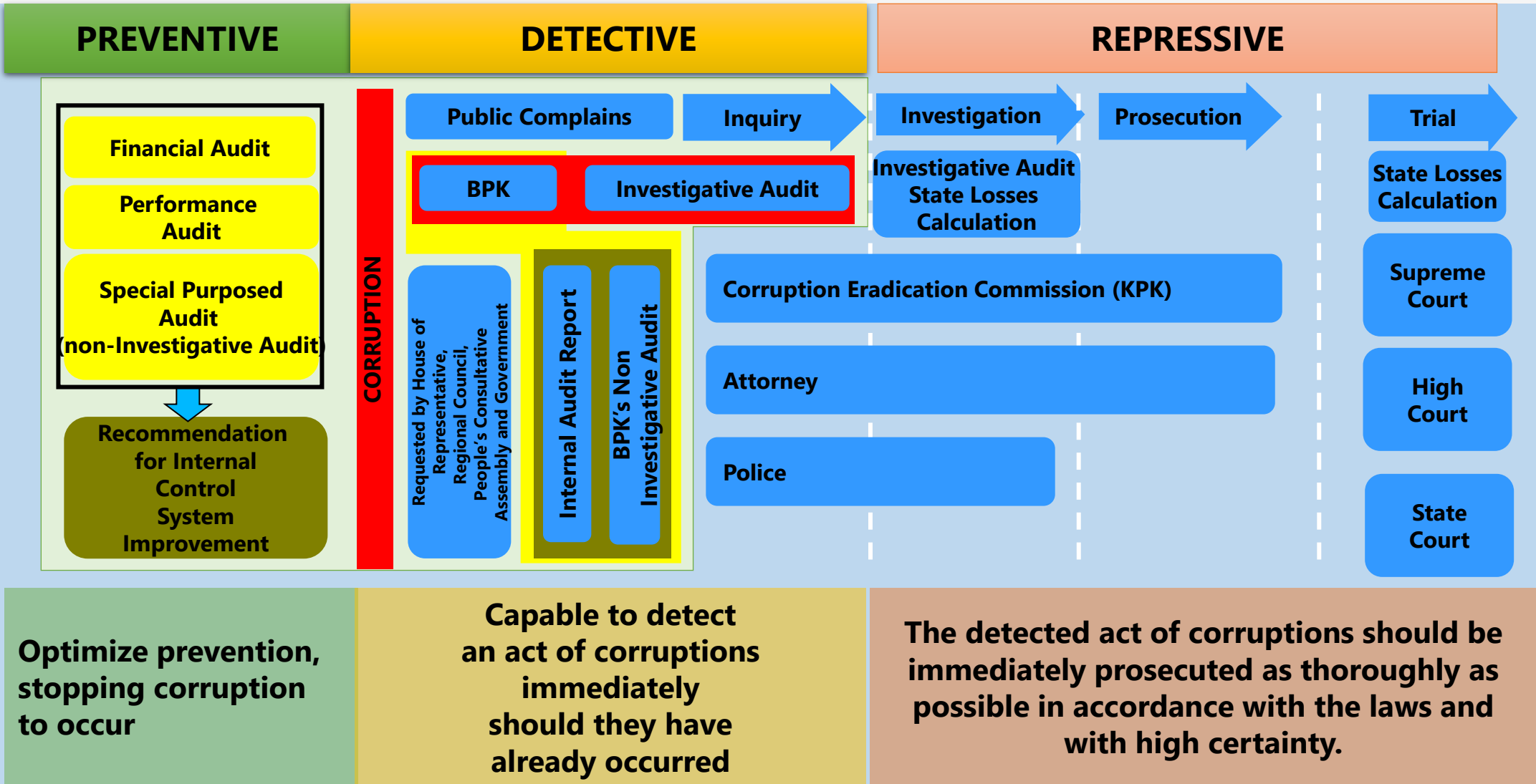
04

BPK's Accomplishments





01. BPK's AUDITs & ROLES to PREVENT and FIGHT against CORRUPTION





02. BPK's CHALLENGES



LIMITED NUMBER OF AUDITORS

Limited number of auditors that have sufficient expertise to assess risks and to rework specific audit procedures related to fraud.



AUDIT SOFTWARE

The current audit software needs to be upgraded to ensure the uniformity of methodology and management in conducting investigative audits.



FACILITIES & INFRASTRUCTURE (Including Information System)

Facilities and infrastructure, including information system, need to be improved to make the audit process more effective.





03. BPK's EFFORTS TO OVERCOME THE CHALLENGES



Mission : Promote and Encourage Corruption Prevention

BPK's Strategic Initiatives – Corruption Prevention

Activities

2021 - 2022

2022 - 2023

Investigative Audit Capacity Building

- Improving Organizational Structure and Business Process;
- Advancing Digital Forensic Laboratories;
- Developing Information System;
- Establishing Investigative Audit Task Force in BPK Regional Offices;
- Improving mechanism.

Strengthening Non-Investigative Audits Based on Fraud Risk

- Mapping *modus operandi* of fraud based on findings/results of investigative audit for state losses calculation;
- Formulating non-investigative audit programs based on fraud risk;
- Organizing Fraud and Forensic Audit Certification and Training Programs for non-investigative auditors.

Establishing Corruption Prevention System in BPK

- Mapping fraud risk in all working units;
- Enhancing internal control system based on fraud risk;
- Incorporating anti-corruption culture in all working unit.

Strengthening Corruption Prevention System in Entities

- Reviewing corruption prevention system in entities;
- Conducting Performance Audit of National Strategy for Corruption Prevention (Stranas PK) and National Action on Corruption Prevention (ANPK);
- Providing insights and input for National Policy on Corruption Prevention;
- Contributing to Fraud Awareness Training for entities.





04. BPK's ACCOMPLISHMENTS (2016 – 1st Semester of 2021)



295
Investigative
Audit
Reports

State
Losses
Rp52.87
trillion
(USD3.68
billion)

274
Expert Witnesses
in Corruption Case
Trials

2 Cases

fraud cases in State-Owned Enterprises (BUMN) of Insurance Industry. The State Losses amounted to Rp29.59 trillion (USD2.06 Billion)

Modus Operandi

1. The management of BUMNs made agreement with certain party to place their investments in high-risk and illiquid stocks majority controlled and owned by the party.
2. The management of BUMNs resold the stocks to the party after placed additional funds in stocks/mutual funds controlled by the party.
3. The high-risk and illiquid stocks were transferred to other types of investments to conceal incurring losses in financial statements.
4. The management of BUMNs cooperated with the party to increase the stocks' market price in order to mislead and manipulate information provided in financial statements.

Audit Procedures

1. Investigating affiliated companies/parties.
2. Analyzing stock transactions between the companies/parties.
3. Using digital data acquisition and conducting analysis.
4. Interviewing all related parties, including stock market/insurance industry regulators, management of BUMNs, stock issuers, stockholders, as well as affiliated parties of the stockholders.



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THANK YOU