

**BPK RI**

**CODE OF ETHICS IN BPK:**  
**ROLES AND FUNCTIONS OF**  
**HONORARY COUNCIL, SECRETARIAT GENERAL AND**  
**PRINCIPAL INSPECTORATE**

**SEMINAR**

*Enhancing Ethics within Supreme Audit  
Institutions*

30 January 2014

# AGENDA



BPK's CODE OF ETHICS

ROLE AND AREA OF COUNCIL AND UNITS

HONORARY COUNCIL OF CODE OF ETHICS

PERCEPTIONS AND LESSON LEARNED

# OUR MAIN MANDATE

- **THE 1945 CONSTITUTION OF THE REPUBLIC OF INDONESIA Article 23E**, For the purpose of auditing financial management and accountability, **a free and independent** Audit Board shall be established.

# CODE OF ETHICS

BPK's Code of Ethics basic values are **Integrity, Independence, and Professionalism.**



## **Article 1**

**Integrity** is the quality, nature, or circumstances that indicates coherent whole, honesty, hard effort, and adequate competence.

**Independence** is an attitude and actions in conducting audit impartially and not to be influenced by anyone.

**Professionalism** is the ability, expertise, and commitment to the profession in performing duties.



Code of Ethics must be manifested in attitude, words, and action of Board Members, Auditor, and any other BPK's Employee as citizen, the State Apparatus/State officials as well as in performing audit.

# CONFORMS WITH ISSAI 30



ISSAI 30	BPK CODE OF ETHICS	CORE VALUES
INTEGRITY	V	INTEGRITY
INDEPENDENCE, OBJECTIVITY AND IMPARTIALITY	V	INDEPENDENCE
PROFESSIONAL SECRECY	V	PROFESSIONALISM
COMPETENCE	V	PROFESSIONALISM

# THE REASONS

- Legal reason
- Part of FCS reason
- Credibility reason

# LEGAL REASONS

- ❑ BPK shall be required to prepare a code of ethics (Art. 29 verse (1) Law 15/2006)
- ❑ BPK has determined **BPK Regulation No. 2 Year 2011, concerning The Code of Ethics of BPK.**
- ❑ To enforce the code of ethics, BPK's **Honorary Council of Code of Ethics** shall be formed (Art. 30 verse (1) Law 15/2006)
- ❑ BPK has determined **BPK Regulation No. 1 Year 2011 concerning The Honorary Council of Code of Ethics of BPK.** It is revised in 2013 by **BPK Regulation No.1 Year 2013** concerning the composition of the council.

# PART OF FRAUD CONTROL SYSTEM



INTEGRATED ANTI FRAUD POLICY

STRUCTURE RESPONSIBILITY

FRAUD RISK AWARENESS

EMPLOYEE AWARENESS

STAKEHOLDERS AWARENESS

FRAUD REPORTING SYSTEM

WISHTLEBLOWER PROTECTION

INVESTIGATION STANDARD

EXTERNAL NOTIFICATION

CODE OF CONDUCT AND DISCIPLINE



# CREDIBILITY REASON

- BPK has 6000 employees who are placed in 33 provinces with 1000 audit reports published.
- BPK audit reports have high exposure to be challenged by public in terms of its credibility.
- For example, our audit opinion as become one of success indicators of bureaucratic reforms.

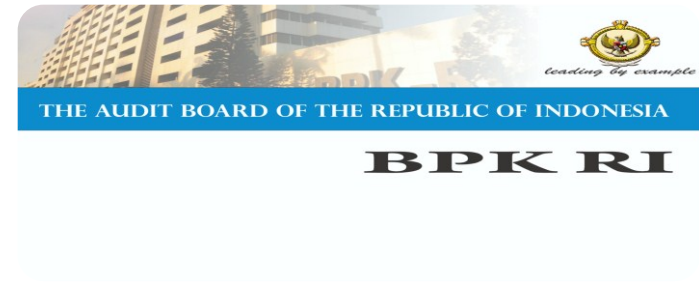
# THE ADVANTAGES

- More accountable and independent
- Clear process



# THE TRADITIONAL SAI STRUCTURE IS NOT ENOUGH

- Reactive approach
- Busy with “business as usual” ---audit workload
- Credibility is at expense



## “UNITS” INVOLVED IN CODE OF ETHICS

- BOARD
- THE HONORARY COUNCIL
- PRINCIPAL INSPECTORATE
- SECRETARIAT GENERAL

# ROLES



ROLES	THE COUNCIL	PRINCIPAL INSPECTORATE	SECRETARY GENERAL	BOARD
PREVENTIVE		V	V	V
DETECTIVE		V		
INVESTIGATIVE	V	V		
ENFORCEMENT			V	V

## NOTES:

PREVENTIVE: Dissemination, training, fraud risk assessment, intosaint, integrity pact

DETECTIVE: Audit, whistleblowing system

INVESTIGATIVE: Investigation, tribunal

ENFORCEMENT: Giving Sanction

# ETHICS AND DISCIPLINE

- SINCE BPK'S EMPLOYEES ARE ALSO CIVIL SERVANT THEREFORE THEY ARE ALSO BOUNDED BY **DISCIPLINE** REGULATIONS
- DISCIPLINE INVOLVES ANY MANAGEMENT ACTIVITIES TO MAINTAIN EMPLOYEES BEHAVIOR IN COMPLYING WITH CIVIL SERVICE REGULATIONS
- THEREFORE DISCIPLINE AND ETHICS ARE INTERRELATED. ETHICS IS MORE SPECIFIC TO AUDIT RELATED ACTIVITIES.

# AREA



AREA	THE COUNCIL	PRINCIPAL INSPECTORATE	SECRETARY GENERAL	BOARD
CODE OF ETHICS	V	V		V
DISCIPLINE		V	V	

## NOTES:

- CODE OF ETHICS ARE RELATED WITH AUDIT FUNCTIONS,
- DISCIPLINES ARE RELATED WITH AUDIT AND NON AUDIT FUNCTIONS AS GOVERNMENT EMPLOYEES
- THEREFORE, IF THE VIOLATION IS SIGNIFICANT, IT COULD BE HANDLED BOTH IN CODE OF ETHICS AND DISCIPLINE



LETS FOCUS ON....

# **THE HONORARY COUNCIL OF CODE OF ETHICS**



# TASKS

- CONDUCTS INVESTIGATION FOR UNETHICAL BEHAVIOR OF:
  - BOARD MEMBERS
  - AUDITORS
  - SUPPORTING STAFF
- REPORT TO THE BOARD ABOUT THE VERDICT OF INVESTIGATION
- DO NOT DISCLOSE IDENTITY OF CASE RAPPORTEUR
- DO NOT DISCLOSE ANY INFORMATION GATHERED

# AUTHORITY

- ASSIGN TEAMS TO GATHER EVIDENCES
- SUMMON RELATED PERSONS REGARDING ETHIC CASE (RAPPORTEURS, WITNESS, AND REPORTED PERSONS)
- MAKE VERDICT/DECISIONS

# COUNCIL MEMBERS

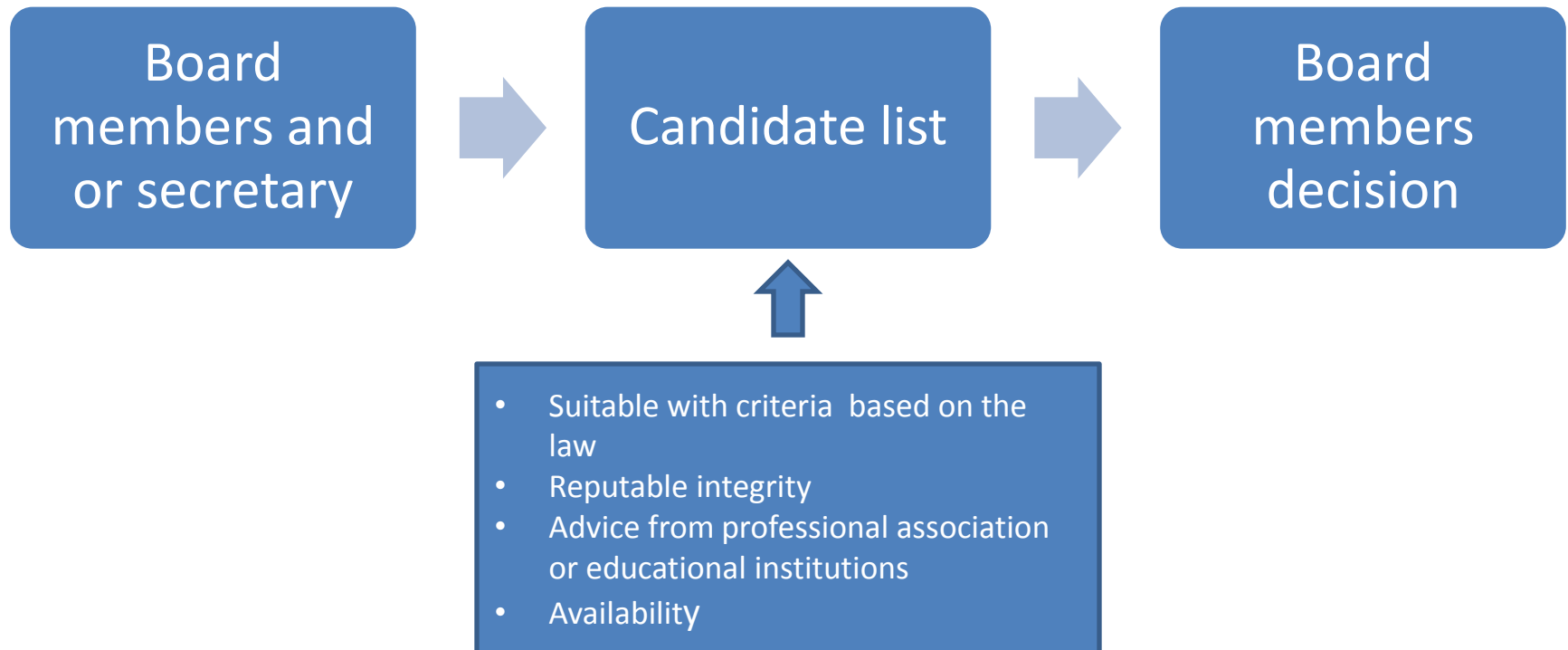
- IT COMPRISES OF 5 MEMBERS:
  - 2 FROM BPK
  - 2 FROM ACADEMICIAN
  - 1 FROM PROFESSIONAL
- ONE MEMBER AS CHAIRMAN, THE OTHERS AS MEMBERS
- THEY ARE APPOINTED BY BPK BOARD
- DURATION: ONE YEAR AND CAN BE ELECTED FOR ANOTHER ONE YEAR TERM

# FOR EXTERNAL MEMBERS

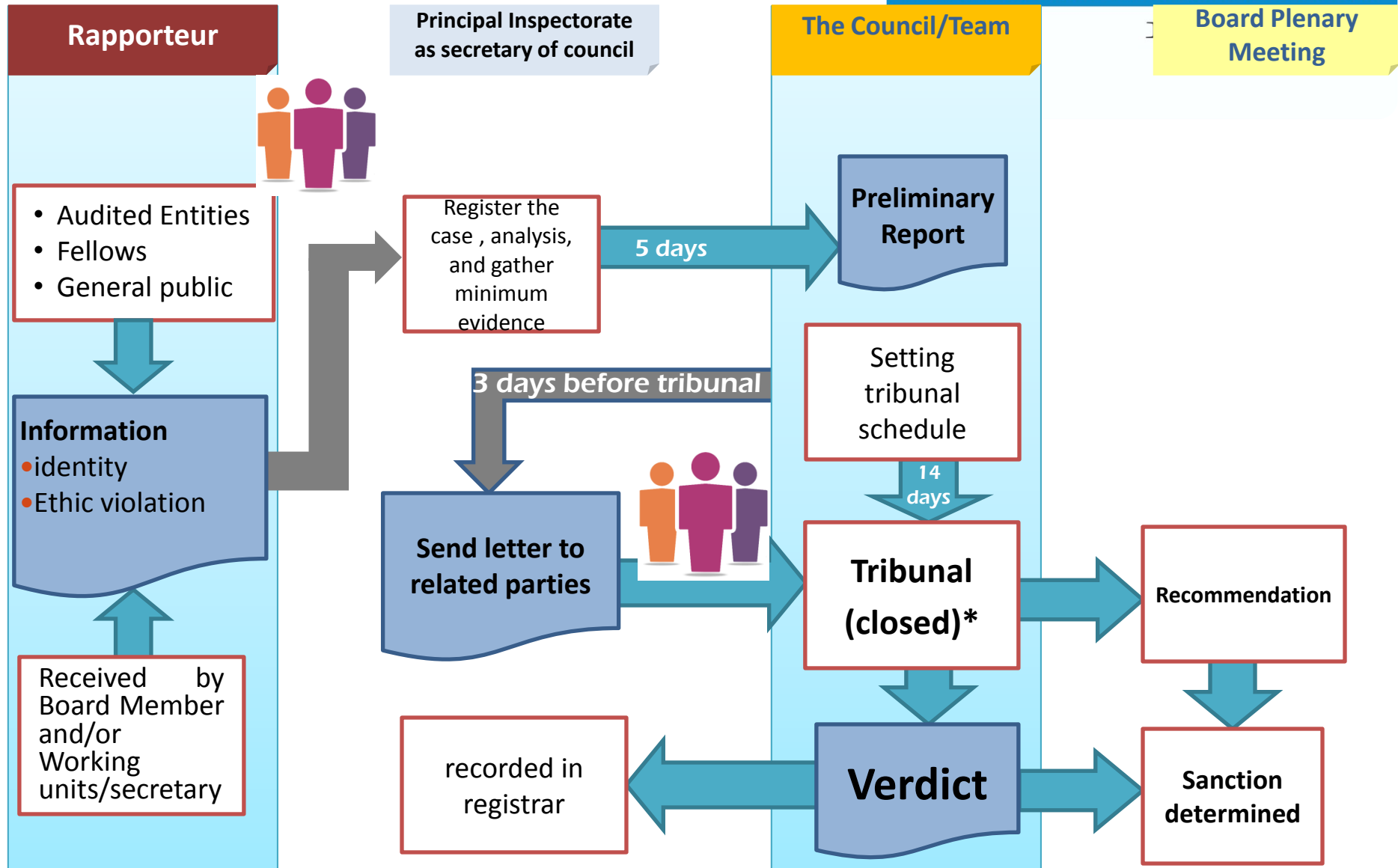
- REQUIREMENTS:
  - INDONESIA CITIZEN
  - NOT MEMBER OF POLITICAL PARTY
  - HAS GOOD REPUTATION AND CREDIBILITY
  - HAS INTEGRITY AND INDEPENDENCY
  - NEVER HAVE MAXIMUM 5-YEAR SENTENCE
  - HAS HEALTHY CONDITION
  - NO MORE 50 YEARS OLD

# EXTERNAL MEMBER RECRUITMENT PROCESS

Candidates  
from:



# COUNCIL MECHANISM



tribunal for rapporteur and suspected person are conducted in different time

# PERCEPTIONS

- **Intosaint** conducted in 2010 and 2012 consistently cited that our control in integrity (as opposed of ethic violation) has been in “medium” level. It means that BPK has owned integrity control but need some improvements to be effective.
- One of the result is responsibility unit to dealing with ethic violation.

# LESSON LEARNED

- Difficulties:
  - Identity disclosure of rapporteurs → discourage
  - Tribunal process -→ prolong
  - Clearer misconduct handle by parties
- Extent role of the council:
  - Disseminate and internalize code of conduct and honorary council
  - Ethic-related training
  - Role model



# ISSAI 30

- Issai 30 should cover this respect by providing general provisions of institutional responsibility authority, and tasks of unit of code of ethics.
- This unit not only remedy the violations (enforcement), but also encourage prevention and detection of unethical behavior.

**BPK RI**



Thank you