**Impact of Technology Development in Strenghtening Public Accountability and Transparency:**
**The Audit Board of the Republic of Indonesia's Experience**

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ABSTRACT

As a supreme audit institution, the Audit Board of the Republic of Indonesia (the Audit Board) has been challenged to promote public transparency and accountability for more than ten years. Public demand for better transparency and accountability began in 1999 when reform movement occured in Indonesia, which was in line with changes in more democratic political system.

The changes  in Indonesian political system affected the Audit Board's mandate and functions. The Audit Board has had much clearer mandate, broader audit scope, and larger number of audited entities, which resulted in institutional changes. In terms of the mandate and audit scope, the Audit Board conducts audits on all state-finance managed by central, provincial, and local governments, state-owned enterprises, central bank, public service organization, and other parties who manage state-finance. The number of audited entities are more than two thousands.

As mentioned on the Ammended Constitution (2001-2003), the Audit Board has to establish its regional offices in each province in Indonesia. Before the amendment, the Audit Board had only 7 regional offices. Consequently, the Audit Board has been developing its capacities in terms of human resources, budget, and infrastructures.

Another challenge of the Audit Board in promoting transparency and accountability, is the current quality of transparency and accountability. There have been cases on unclear and mistatement financial statements, misuse, fraud, and corruption, smuggling, illegal loging, and abuse of power.

In 2009, the Audit Board introduced an e-audit strategy in order to have better and sounder monitoring system by using technology development. By this strategy the Audit Board built data link and match system produced by entity information system. The Audit Board uses interface to access audited entity's data and provide a portal, command center, and smart engine, which processes data automatically by conducting some procedures such as comparing.

The e-audit strategy is supported by audit law (2004) and the Audit Board Law (2006) mentioning that all audited entities have to provide data requested by the Audit Board. Although there are strong mandate and authority, the Audit Board invited audited entitites to sign memorandum of understanding (MoU) for data access. Currently, the Audit Board has signed more than a thousand MoU with audited entities, and implemented pilot projects for e-audit in some audited entities representing central and local governments and state-owned enterprises.

By e-audit, there are some advantages. In terms of audits, efficiency and effectiveness can be increased. First, audit scope can be broadened. Second, audit fieldwork can be focused on some risk areas based on e-audit analyses. Third, audit quality can be improved. In terms of good governance, e-audit promotes transparency and accountability. E-audit can also be used as early warning system in state finance management and accountability.

In developing and implementing e-audit, there have been challenges. First, it is not easy to change mindset and culture in using technology. Not only did this challenge come from audited entities, but this also occured in internal Audit Board management. Second, technology level varies among audited entities. Third, data validity and security have been concerns of the Audit Board and audited entities.

# Paper Outline

Main Theme : Challenges for Ensuring Transparency and Accountability in Public Financial Management

Sub-Theme I : Basic Approaches and Challenges for Ensuring Transparency and Accountability

The paper will be organized as follows

**Title : The Impact of Technological Developments in Strengthening Public Accountability and Transparency.**

**Executive Summary**

1. **Background**

   This section will explain duties and authorities of BPK and discuss some problems due to the limited time and HRM of BPK to fulfill its mandates and stakeholders expectation.

2. **BPK's Initiatives: BPK's Synergy and E-Audit**

   This section explains the initiatives proposed by BPK. It is also an explanation of E-Audit in terms of definition, visions and missions.

3. **Link and Match**

   This section will discuss about what is E-Audit, how it works and what components inside E-Audit. It is also explain the data linking and data matching.

4. **Challenges**

   This section will explain the challenges in developing and implementing E-audit.

5. **Lessons Learned**

   This section will elaborate lessons learned in developing and implementing E-Audit, the implementation scenario of E-Audit and how E-Audit will benefit auditors.

**Annex**
**References**