

LAW OF THE REPUBLIC OF INDONESIA  
NUMBER 15 OF 2006  
ON  
AUDIT BOARD

BY THE BLESSINGS OF ALMIGHTY GOD

PRESIDENT OF THE REPUBLIC OF INDONESIA,

- Considering : a. that state finance is one of the principal elements in the state administration and has a very important function to achieve the objective of the state, namely to create a fair and prosperous society as mandated in the Preamble of the 1945 Constitution of the Republic of Indonesia;
- b. that to reach the objective of the state as referred to in point a, state financial management and accountability requires a free, independent, and professional audit board in order to establish a state administration that is clean and free from corruption, collusion, and nepotism;
- c. that Law Number 5 of 1973 on Audit Board is no longer suitable with the development of the state administration system, both at the central and the regional levels;
- d. that based on the considerations as referred to in point a, point b, and point c, it is necessary to enact a Law on Audit Board;
- Observing : Article 20, Article 21, Article 23E, Article 23F, and Article 23G of the 1945 Constitution of the Republic of Indonesia;

With the Joint Approval of  
THE HOUSE OF REPRESENTATIVES  
AND  
THE PRESIDENT OF THE REPUBLIC OF INDONESIA

HAS DECIDED:  
To enact : LAW ON AUDIT BOARD.

CHAPTER I  
GENERAL PROVISIONS

Article 1

In this Law:

1. Audit Board (*Badan Pemeriksa Keuangan*), hereinafter abbreviated as BPK, means a state institution having the

- duty to audit state financial management and accountability as referred to in the 1945 Constitution of the Republic of Indonesia.
2. House of Representatives (*Dewan Perwakilan Rakyat*), hereinafter abbreviated as DPR, means the House of Representatives as referred to in the 1945 Constitution of the Republic of Indonesia.
  3. Regional Representative Council (*Dewan Perwakilan Daerah*), hereinafter abbreviated as DPD, means the Regional Representative Council as referred to in the 1945 Constitution of the Republic of Indonesia.
  4. Central Government means the President of the Republic of Indonesia holding the executive power of the Republic of Indonesia as referred to in the 1945 Constitution of the Republic of Indonesia.
  5. Local Government means Governors, Regents/ Mayors, and local instruments as the elements of local administration.
  6. Regional House of Representatives (*Dewan Perwakilan Rakyat Daerah*), hereinafter abbreviated as DPRD, means the Provincial, Regency/Municipal House of Representatives as referred to in the 1945 Constitution of the Republic of Indonesia.
  7. State Finance means all state rights and obligations that can be valued with money, all things in the form of money or properties that can be considered owned by the state in relation to the implementation of the aforementioned rights and obligations.
  8. State Financial Management means all activities of the state financial management officials in accordance with their positions and authority, including planning, implementation, supervision, and accountability.
  9. Audit means the process of problem identification, analysis, and evaluation that are conducted independently, objectively, and professionally based on the auditing standard, in order to evaluate the correctness, accuracy, credibility, and reliability of information on state financial management and accountability.
  10. Auditor means the person implementing the duty of audit on state financial management and accountability for and on behalf of BPK.
  11. State Financial Accountability means the obligation of the Government and other state institutions to implement state financial management in an orderly manner, in compliance with the legislation, efficiently, economically, effectively, and transparently with due observance of the senses of justice and propriety.
  12. Treasurer means the person or entity given the duties to, for and on behalf of the state/region, receive, keep, and pay/remit state/regional money or negotiable papers or properties.
  13. Auditing Standard means standard to conduct state financial management and accountability audit, including general standard, audit implementation standard, and

reporting standard that is required to be complied by BPK and/or auditors.

14. Audit Results mean the final results of the process of evaluation on the correctness, compliance, accuracy, credibility, and reliability of data/information on state financial management and accountability that is conducted independently, objectively, and professionally based on the Auditing Standard set forth in the audit report as BPK decision.
15. State/Regional Losses means the reduction of money, negotiable papers, and properties that are real and definite in amount as the result of deliberate tort or failure.
16. Compensation means an amount of money or properties that can be valued with money that must be returned to the state/a region by a person or an entity having conducted deliberate tort or failure.
17. BPK Regulation means the legal regulations issued by BPK that are generally binding and contained in the State Gazette of the Republic of Indonesia.

## CHAPTER II POSITION AND MEMBERSHIP

### Part One Position

#### Article 2

BPK is a state institution that is free and independent in auditing state financial management and accountability.

#### Article 3

- (1) BPK is domiciled at the national capital.
- (2) BPK has a representative office in every province.
- (3) The establishment of representative office as referred to in section (2) is stipulated by a BPK decision by taking the state financial capacity into consideration.

### Part Two Membership

#### Article 4

- (1) BPK has 9 (nine) members, whose membership is ratified by a Presidential Decree.
- (2) The structure of BPK comprises a Chairperson concurrently serving as a member, a Vice Chairperson concurrently serving as a member, and 7 (seven) members.
- (3) The Presidential Decree as referred to in section (1) is issued not later than 30 (thirty) days as of the nomination of the elected member of BPK by DPR.

#### Article 5

- (1) The members of BPK serve the office for a period of 5 (five) years and may be re-elected for 1 (one) term of office.

- (2) BPK notifies DPR with carbon copy to the President of the expiration of the term of office of the members of BPK not later than 6 (six) months prior to the expiration of the term of office of the members concerned.

### CHAPTER III DUTIES AND AUTHORITY

#### Part One Duties

##### Article 6

- (1) BPK has the duties to audit the state financial management and accountability performed by the Central Government, Local Government, other State Institutions, Bank Indonesia, State-Owned Enterprises, Public Service Agencies, Local-Owned Enterprises, and other institutions or agencies managing state finance.
- (2) BPK audit as referred to in section (1) is implemented under law on audit on state financial management and accountability.
- (3) BPK audit includes financial audit, performance audit, and special-purpose audit.
- (4) In the event that the audit is implemented by a public accountant based on the provisions of law, the audit report is required to be submitted to BPK and is subsequently published.
- (5) In implementing the audit on state financial management and accountability as referred to in section (1), BPK discusses audit findings with the auditee in accordance with the state financial auditing standard.
- (6) Further provisions regarding the procedures for the implementation of duties of BPK as referred in section (1) are regulated in BPK regulations.

##### Article 7

- (1) BPK submits the audit results on state financial management and accountability to DPR, DPD, and DPRD in accordance with their respective authority.
- (2) DPR, DPD, and DPRD follow up the audit results as referred to in section (1) in accordance with the Codes of Conduct of the respective representative institutions.
- (3) The submission of BPK audit results to DPRD is implemented by the Members of BPK or the appointed officials.
- (4) Procedures for the submission of BPK audit results to DPR, DPD, and DPRD are regulated by BPK together with the respective representative institutions in accordance with their respective authority.
- (5) The results of audit on state financial management and accountability that have been submitted to DPR, DPD, and DPRD are declared open for public.

Article 8

- (1) For the purpose of audit result follow-up as referred to in Article 7 section (1), BPK also submits audit results in writing to the President, Governors, Regents/Mayors in accordance with their respective authority.
- (2) BPK is notified in writing of the audit result follow-up as referred to in section (1) by the President, Governors, Regents/Mayors.
- (3) If a criminal element is found in an audit, BPK reports it to the competent authority in accordance with the provisions of legislation not later than 1 (one) month as of its knowledge.
- (4) BPK report as referred to in section (3) is used as the basis of investigation by the authorized investigator in accordance with legislation.
- (5) BPK monitors the audit result follow-up implemented by the officials as referred to in section (1), and the results are notified in writing to DPR, DPD and DPRD as well as the Government.

Part Two  
Authority

Article 9

- (1) In implementing its duties, BPK has the authority to:
  - a. determine the audit object, plan and implement audits, determine the audit timeframe and method as well as prepare and present audit report;
  - b. request for information and/or documents that are required to be submitted by any persons, organizational units of Central Government, Local Governments, other State Institutions, Bank Indonesia, State-Owned Enterprises, Public Service Agencies, Local-Owned Enterprises and other institutions or agencies managing state finance;
  - c. perform audit at the places where state money and properties are kept, at the places of the implementation of activities, book-keeping and state financial administration, as well as audits on the calculations, letters, evidences, current accounts, accountability reports and other lists related to state financial management;
  - d. determine the types of documents, data, as well as information on state financial management and accountability that are required to be submitted to BPK;
  - e. stipulate state financial auditing standard following consultation with the Central Government/Local Governments that are required to be used in audit on state financial management and accountability;
  - f. stipulate the code of ethics for audit on state financial management and accountability;
  - g. employ experts and/or auditors outside BPK who work for and on behalf of BPK;

- h. develop Auditors' functional positions;
  - i. provide considerations on the Government Accounting Standard; and
  - j. provide considerations on draft internal control system of the Central Government/Local Governments prior to its stipulation by the Central Government/Local Governments.
- (2) The documents, data as well as information on state financial management and accountability requested by BPK as referred to in section (1) point d are used only for the purpose of audit.

#### Article 10

- (1) BPK assesses and/or determines the amount of state losses due to the deliberate tort or negligence by treasurers, State-Owned Enterprises/Local-Owned Enterprises management, and other institutions or agencies administering state financial management.
- (2) The assessment of state financial losses and/or determination of the parties obligated to pay for compensation as referred to in section (1) is stipulated in a BPK decision.
- (3) To guarantee the payment of such compensation, BPK is authorized to monitor:
- a. the settlement of state/region losses stipulated by the Government on non-treasurer civil servants and other officials;
  - b. the imposition of compensation for the state/region on treasurers, State-Owned Enterprises/Local-Owned Enterprises management, and other institutions or agencies managing state finance that has been stipulated by BPK; and
  - c. the imposition of compensation to the state/region stipulated based on a court verdict having permanent legal force.
- (4) The monitoring results as referred to in section (3) are notified in writing to DPR, DPD, and DPRD of in accordance with their respective authority.

#### Article 11

BPK may give:

- a. viewpoints to DPR, DPD, DPRD, Central Government/Local Governments, other State Institutions, Bank Indonesia, State-Owned Enterprises, Local-Owned Enterprises, Public Services Agencies, Foundations, other institutions or agencies, required due to the nature of their respective duties;
- b. considerations on the settlement of state/regional losses stipulated by the Central Government/Local Governments; and/or
- c. experts' affidavit in a judicial process in respect of state/regional losses.

#### Article 12

Further provisions regarding the procedures for the

implementation of the authority as referred to in Article 9 section (1), Article 10, and Article 11 are regulated under BPK Regulations.

## CHAPTER IV APPOINTMENT AND DISCHARGE

### Part One Appointment of Members

#### Article 13

To be appointed as a Member of BPK, candidates must meet the following requirements:

- a. Indonesian citizen;
- b. believing in and devoting to the One Almighty God;
- c. domiciled in Indonesia;
- d. having moral integrity and honesty;
- e. loyal to the Unitary State of the Republic of Indonesia that is based upon Pancasila and the 1945 Constitution of the Republic of Indonesia;
- f. having minimum educational attainment of undergraduate level or equivalent;
- g. having never been sentenced with imprisonment under a court verdict having had permanent legal force for committing any crime that is subject to imprisonment for a period of 5 (five) years or more;
- h. physically and mentally healthy;
- i. having reached minimum age of 35 (thirty-five) years;
- j. having left the position as an official in the state financial management environment for at least 2 (two) years; and
- k. not being declared as bankrupt under a court verdict having had permanent legal force.

#### Article 14

- (1) Members of BPK are appointed by DPR with due observance of considerations of DPD.
- (2) The considerations of DPD as referred to in section (1) are conveyed in writing containing all names of the candidates, and submitted to DPR within a maximum period of 1 (one) month as of the date of receipt of the request for considerations from DPR Leadership.
- (3) The Member candidates of BPK are announced by DPR to public to obtain inputs from the people.
- (4) DPR commences the election process of Members of BPK at the time of receipt of notification from BPK as referred to in Article 5 section (2) and must finish the election of new members of BPK within the maximum period of 1 (one) month prior to the expiration of the term of office of the former Members of BPK.
- (5) Further provisions regarding the procedures for the appointment of members of BPK as referred to in section (1) are regulated in the Code of Conduct of DPR.

Part Two  
Election of Leadership

Article 15

- (1) The Leadership of BPK comprises of a chairperson and a vice chairperson.
- (2) The Chairperson and Vice Chairperson of BPK are elected from among and by Members of BPK in the meeting of Members of BPK within a maximum period of 1 (one) month as of the date of ratification of membership of BPK by the President.
- (3) The meeting of Members of BPK for the election of leadership of BPK as referred to in section (2) is chaired by the oldest Member of BPK.
- (4) The election of Chairperson and Vice Chairperson as referred to in section (2) and section (3) is conducted in deliberation to reach a consensus, and in the event that a consensus cannot be reached, election is conducted by way of voting.
- (5) Further provisions regarding the procedures for the election of the Chairperson and Vice Chairperson as well as the distribution of duties and authority of the Chairperson, Vice Chairperson, and Members of BPK are regulated by a BPK regulation.

Article 16

- (1) Before assuming their positions, the members of BPK are obligated to take an oath or affirmation in accordance with their respective religions guided by the Chief Justice of the Supreme Court.
- (2) The elected Chairperson and Vice Chairperson of BPK are obligated to take an oath or affirmation in accordance with their respective religions guided by the Chief Justice of the Supreme Court.
- (3) If the Chief Justice of the Supreme Court is absent, the oath and affirmation as referred to in section (1) and section (2) are guided by the Vice Chief Justice of the Supreme Court.
- (4) The oath and affirmation as referred to in section (1) and section (2) are as follows:

"By God, I solemnly swear/affirm that I have not given or promised anything directly or indirectly in the form of material or excuse to anyone to become a Member of BPK. I solemnly swear/affirm that I will not receive any promise or granting directly or indirectly from anyone to do or not to do something in this position.

I solemnly swear/affirm that I will comply with the obligations of a Member of BPK (Chairperson/Vice Chairperson) with best endeavors and with full responsibility based on the 1945 Constitution of the Republic of Indonesia and other legislation related to the aforementioned duties and obligations.

I solemnly swear/affirm that I will be devoted to the

Unitary State of the Republic of Indonesia and the 1945 Constitution of the Republic of Indonesia".

Part Three

Discharge

Article 17

The Chairperson, Vice Chairperson, and/or Members of BPK can be honorably or dishonorably discharged from membership of BPK.

Article 18

The Chairperson, Vice Chairperson, and/or Members of BPK are honorably discharged from their positions based on a Presidential decree upon the recommendation of BPK in the event of:

- a. demise;
- b. resignation at own request filed to the Chairperson or Vice Chairperson of BPK;
- c. having reached 67 (sixty-seven) years of age;
- d. expiration of their term of office; or
- e. continuous physical or psychological illness or permanent absence proven with doctor's statement.

Article 19

The Chairperson, Vice Chairperson, and/or Members of BPK are dishonorably discharged from their membership upon the recommendation of BPK or DPR in the event of:

- a. having been sentenced with imprisonment under a court verdict having had permanent legal force for conducting crime that is subject to imprisonment for a period of 5 (five) years or more;
- b. violating code of ethics of BPK;
- c. having not implemented their duties and obligations for a period of 1 (one) consecutive month without valid reasons;
- d. breaking the oath or affirmation of position;
- e. breaking the prohibitions as referred to in Article 28; or
- f. no longer complying with the requirements as a member of BPK as referred to in Article 13 point a, point c, and point e.

Article 20

- (1) The Chairperson, Vice Chairperson, and/or Members of BPK are temporarily discharged from their positions by BPK through a Plenary Meeting when named as suspects in crime that is subject to imprisonment for a period of 5 (five) years or more.
- (2) The Chairperson, Vice Chairperson, and/or Members of BPK proven not committing the crime as referred to in section (1) are entitled to obtain rehabilitation and reappointed as the Chairperson, Vice Chairperson, or Members of BPK.

Article 21

- (1) The dishonorable discharge as referred to in Article 19 point b, point c, point d, point e, or point f is conducted

following the granting of opportunity to the relevant party to present a defense before the Honorary Board of Code of Ethics of BPK.

- (2) The discharge of the Chairperson, Vice Chairperson, and/or Members of BPK as referred to in section (1) is ratified by a Presidential Decree upon the recommendation of BPK or DPR.

#### Article 22

- (1) If a Member of BPK is discharged as referred to in Article 18 or Article 19, the appointment of temporary replacement of the Member of BPK is conducted in accordance with the procedures as referred to in Article 13 and Article 14 and ratified by a Presidential Decree.
- (2) The appointment of the Member of BPK as referred to in section (1) is conducted within a maximum period of 6 (six) months as of the date of discharge of the Member of BPK as referred to in Article 18 or Article 19.
- (3) Before assuming the position, the appointed Member of BPK as referred to in section (1) takes an oath/affirmation guided by the Chairperson/Vice Chairperson of BPK with the oath/promise as referred to in Article 16 section (4).
- (4) The replacing Member of BPK continues the remainder of the term of office of the replaced Member of BPK.
- (5) Temporary replacement of the Member of BPK is not conducted if the remainder of the term of office of the replaced member is less than 6 (six) months from the term of office as referred to in Article 5 section (1).

### CHAPTER V

#### FINANCIAL /ADMINISTRATIVE RIGHTS AND PROTOCOL, POLICE ACTIONS, IMMUNITY AND PROHIBITIONS

##### Part One

##### Financial/Administrative Rights and Protocol

#### Article 23

The financial/administrative rights and protocol position of the Chairperson, Vice Chairperson, and Members of BPK are regulated in accordance with legislation.

##### Part Two

##### Police Actions

#### Article 24

Police actions on the Members of BPK for the investigation of a case are performed by virtue of the Attorney General's instruction after obtaining a written approval of the President.

#### Article 25

- (1) Members of BPK may be subject to a police action without any Attorney General's instruction or the President's written approval if:
  - a. caught red-handed committing a criminal act; or

- b. alleged of committing a criminal act subject to capital punishment.
- (2) The police actions as referred to in section (1) must be reported within 1 X 24 (one time twenty-four) hours to the Attorney General who is obligated to notify the arrest to the President, DPR, and BPK.

Part Three  
Immunity

Article 26

- (1) Members of BPK cannot be prosecuted before a court for implementing their duties, obligations, and authority under this law.
- (2) In implementing their duties and authority, the Members of BPK, Auditors, and other parties working for and on behalf of BPK are granted legal protection and security assurance by the competent authorities.

Article 27

In the event of claims by other parties with respect to the implementation of its duties and authority, BPK is entitled to legal aid on the state's account in accordance with legislation.

Part Four  
Prohibitions

Article 28

Members of BPK are prohibited from:

- a. impeding or not reporting the audit results containing criminal elements to the competent authorities;
- b. using beyond their authority the materials, data, information, or other documents obtained while implementing their duties, except for the purpose of investigations related to alleged crimes;
- c. directly or indirectly owning the entire, a part of, or acting as a guarantor of a business entity having the purpose of gaining profits from state financial expenses;
- d. simultaneously holding a position in other state institutions and other agencies managing state finance, national/foreign private entities; and/or
- e. becoming members of political parties.

CHAPTER VI  
CODE OF ETHICS, FREEDOM, INDEPENDENCE,  
AND ACCOUNTABILITY

Part One  
Code of Ethics

Article 29

- (1) BPK is obligated to prepare a code of ethics containing the norms to be complied by every Member of BPK and Auditor in implementing their duties to preserve the dignity, honor, image, and credibility of BPK.

- (2) The code of ethics as referred to in section (1) includes the mechanism for the enforcement of the code of ethics and types of sanction.

#### Article 30

- (1) To enforce the code of ethics as referred to in Article 29 section (1), the Honorary Board of Code of Ethics of BPK is formed of which membership consist of Members of BPK as well as professionals and academicians.
- (2) The Honorary Board of Code of Ethics of BPK is formed not later than 6 (six) months as of the enforcement of this law.
- (3) Further provisions regarding the membership, duties, authority and meeting procedure of the Honorary Board of Code of Ethics of BPK are regulated in a BPK Regulation.

#### Part Two

#### Freedom and Independence

#### Article 31

- (1) BPK and/or Auditors perform their audit duties freely and independently.
- (2) BPK is obligated to prepare a state financial auditing standard.
- (3) In the context of preserving the freedom and independence as referred to in section (1), BPK and/or Auditors are obligated to:
  - a. conduct audits in accordance with the State Financial Auditing Standard;
  - b. comply with the auditors' code of ethics; and
  - c. apply a quality control system.
- (4) The state financial auditing standard as referred to in section (2) at least contains the following matters:
  - a. Auditors do not have a family relationship by blood to the upper level, lower level, and by marriage up to the second degree with the management of the audit objects;
  - b. Auditors do not have any financial interest both directly and indirectly to the audit objects;
  - c. Auditors do have never worked or provided services to audit objects within the last 2 (two) years;
  - d. Auditors do not have a cooperative relation with audit objects; and
  - e. Auditors do not be involved both directly and indirectly in the activities of the audit objects, such as providing assistance, consultation services, system development, preparing and/or reviewing audit objects' financial statements.

#### Part Three

#### Accountability

#### Article 32

- (1) Annual audits on financial management and

accountability of BPK are performed by a public accountant.

- (2) The public accountant as referred to in section (1) is appointed by DPR based on the proposal of BPK and the Minister of Finance, each proposing 3 (three) names of public accountants.
- (3) The public accountant as referred to in section (2) does not performed any duty for and on behalf of BPK or provided any service to BPK in the last 2 (two) years.
- (4) The audit results as referred to in section (1) are submitted to DPR with a copy to the Government for the preparation of the Central Government's financial statements.

#### Article 33

- (1) To ensure that the quality of the audit on state financial management and accountability by BPK in accordance with the standards, the quality control system of BPK is reviewed by the audit institution of another country which is a member of an international organization of supreme audit institutions.
- (2) The audit institution of the other country as referred to in section (1) is appointed by BPK after obtaining the considerations of DPR.

### CHAPTER VII OPERATIONAL UNITS OF BPK

#### Article 34

- (1) In implementing its duties and authority, BPK is assisted by the operational units of BPK consisting of a Secretariat General, audit implementing units, units performing supporting duties, representative offices, Auditors, and other officials stipulated by BPK based on needs.
- (2) The Auditors as referred to in section (1) hold functional positions.
- (3) In performing audit duties, BPK employs Auditors having the status of Civil Servant or non-Civil Servant.
- (4) Provisions regarding the organization and operational procedures of the Operational Units and functional positions of BPK as referred to in section (1) and section (2) are stipulated by BPK after consulting the Government.

### CHAPTER VIII BUDGET

#### Article 35

- (1) The budget of BPK is allocated to a separate budget allocation in the State Budget.
- (2) The budget as referred to in section (1) is submitted by BPK to DPR to be discussed in the preliminary discussion on draft State Budget.

- (3) The discussion results as referred to in section (2) is conveyed to the Minister of Finance as materials for the preparation of Draft Law on State Budget.

## CHAPTER IX CRIMINAL PROVISION

### Article 36

- (1) Members of BPK impeding or not reporting audit results that contain criminal elements to the competent authorities as referred to in Article 28 point a are subject to imprisonment for a minimum of 3 (three) years and a maximum of 10 (ten) years and/or fine for a minimum of Rp3,000,000,000.00 (three billion rupiah) and a maximum of Rp10,000,000,000.00 (ten billion rupiah).
- (2) Members of BPK who use beyond their authority the knowledge, materials, data, information, and/or other documents obtained while implementing duties of BPK as referred to in Article 28 point b are subject to imprisonment for a minimum of 1 (one) year and a maximum of 5 (five) years and/or fine for a minimum of Rp1,000,000,000.00 (one billion rupiah) and a maximum of Rp5,000,000,000.00 (five billion rupiah).

## CHAPTER X TRANSITIONAL PROVISION

### Article 37

- (1) The Chairperson, Vice Chairperson, and/or Members of BPK existing at the time of the promulgation of this Law continue to perform their respective duties and authority until their terms of office expires.
- (2) To address the shortage of membership of BPK as referred to in Article 4, the Members of BPK appointment is conducted within 6 (six) months as of the promulgation of this Law.
- (3) The formation of Representatives of BPK as referred to in Article 3 section (2) is conducted gradually within 2 (two) years as of the promulgation of this Law.

CHAPTER XI  
CLOSING PROVISIONS

Article 38

At the time this Law comes into force, Law Number 5 of 1973 on Audit Board (State Gazette of the Republic of Indonesia of 1973 Number 39, Supplement to the State Gazette of the Republic of Indonesia Number 3010) is repealed and declared ineffective.

Article 39

All legislation constituting the implementing regulations of Law Number 5 of 1973 on Audit Board are declared still in effect to the extent not contradictory to the provisions of this Law.

Article 40

This Law comes into force on the date of its promulgation.

In order that every person know hereof, it is ordered to promulgate this Law by its placement in the State Gazette of the Republic of Indonesia.

Enacted in Jakarta  
on 30 October 2006

PRESIDENT OF THE REPUBLIC OF INDONESIA,

signed

SUSILO BAMBANG YUDHOYONO

Promulgated in Jakarta  
on 30 October 2006  
MINISTER OF LAW AND HUMAN RIGHTS,

signed

HAMID AWALUDIN

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2006 NUMBER 85

Jakarta, 25 May 2023  
Has been translated as an Official Translation  
on behalf of Minister of Law and Human Rights  
of the Republic of Indonesia  
DIRECTOR GENERAL OF LEGISLATION,



ASEP N. MULYANA

ELUCIDATION OF  
LAW OF THE REPUBLIC OF INDONESIA  
NUMBER 15 OF 2006  
ON  
AUDIT BOARD

I. GENERAL

The 1945 Constitution of the Republic Indonesia has undergone fundamental amendments such as on Article 23 section (5) regarding the position and duties of the Audit Board.

The parties preparing the 1945 Constitution of the Republic of Indonesia were aware that audit on the Government's management and accountability on state finance is a serious obligation requiring the establishment of an Audit Board which is independent of the Government's influence and power.

The reform demand desiring for a state administration that is clean and free from Corruption, Collusion and Nepotism (*Korupsi, Kolusi dan Nepotisme*, KKN) toward good governance requires changes in legislation as well as state institutions.

The Third Amendment to the 1945 Constitution of the Republic of Indonesia is one of the reforms on the provisions of Article 23 section (5) on Audit Board and has confirmed the existence and position of BPK that is as a free and independent state institution. The position of BPK as an audit board needs to be confirmed in line with the improvement of its role and performance. The independence and freedom from the dependency on the Government in terms of institution, audit, and reporting are highly required by BPK to perform the duties mandated by the 1945 Constitution of the Republic of Indonesia.

The state administration at the central and regional levels has undergone several changes, among other things, the implementation of regional autonomy accompanied by the transfer of a large portion of the Central Government affairs to Regions. In addition, as the implementation of Article 23C, Article 23E, Article 23F, and Article 23G of the 1945 Constitution of the Republic of Indonesia, Law Number 17 of 2003 on State Finance, Law Number 1 of 2004 on State Treasury, and Law Number

15 of 2004 on Audit on State Financial Management and Accountability have been stipulated to replace most of the provisions of the Indonesian Treasury Law (*Indische Comptabiliteitswet/ICW Stbl. 1925 No. 448*) and *Instructie en Verdere Bepalingen voor de Algemene Rekenkamer* (IAR Stbl. 1933 No. 320).

Due to the constitutional amendments, state administration at the central and regional levels, legislation and the Decree of the People's Consultative Assembly, the provisions of Law Number 5 of 1973 on Audit Board are no longer suitable so that they need to be repealed.

1. It is expected that the repeal of Law Number 5 of 1973 can accommodate and support changes that cover the position, duties, obligations, and authority of the Audit Board and replace the provisions of (ICW) *Indische Comptabiliteitswet* and *Instructie en verdere bepalingen voor de Algemene Rekenkamer* (IAR) Stbl. 1933 No.320, and other legislation.
2. To ensure that the quality of the audits is in line with the state financial auditing standard, quality control system of BPK is reviewed by the audit institution of another country which is a member of an international organization of supreme audit institutions as appointed by BPK based on considerations of DPR.
3. To ensure the improvement of the role and performance of the Audit Board as a free, independent, and professional institution, in addition to the selection of Members of BPK by the House of Representatives by taking into account the considerations of Regional Representative Council and ratified by the President, BPK is also independent in auditing and reporting.
4. In line with the changes in state administration at the central and regional levels, there has been an improvement in the state financial management and accountability. The Audit Board as a state institution that audits state finance has a representative office in every province. With the increased scope of work, the number of Members of BPK are determined to 9 (nine) persons.

## II. ARTICLE BY ARTICLE

### Article 1

Sufficiently clear.

### Article 2

Sufficiently clear.

### Article 3

Sufficiently clear.

### Article 4

Sufficiently clear.

### Article 5

Sufficiently clear.

### Article 6

#### Section (1)

The term "state finance" covers all elements of state finance as referred to in law regulating state finance. The term "other

institutions or agencies" contains such as state legal entities, foundations obtaining state facilities, commissions formed by virtue of laws, and private entities receiving and/or managing state funds.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Section (4)

The submission of the audit report as referred to in this section is required so that BPK can perform an evaluation on the audit performed by the public accountant. The audit results of the public accountant and the evaluation subsequently conveyed by BPK to the representative institutions to be followed up in accordance with their respective authority.

Section (5)

The discussion is needed to confirm and clarify audit findings of BPK with the auditee. The audit results of BPK on financial statements are used by the government to make necessary corrections and adjustments in accordance with its authority so that the audited financial statements reflect such corrections before being conveyed to DPR, DPD, and DPRD.

Section (6)

Legislation issued by BPK in relation to audit on state financial management and accountability has legal force that binds parties involved in the implementation of duties and authority of BPK.

Article 7

Section (1)

The audit results of BPK include the financial statements audit results, performance audit results, special-purpose audit results, and biannual audit summary.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Section (3)

Sufficiently clear.

Section (4)

Sufficiently clear.

Section (5)

Sufficiently clear.

Article 8

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Section (4)

Sufficiently clear.

Section (5)

The audit result follow-up monitoring is included in the summary of semester audit report.

Article 9

Section (1)

Point a

The aforementioned authority is the realization of a free and independent state institution in conducting audit on state financial management and accountability.

Point b

The aforementioned request for information and/or documents covers all fields related to audit on state financial management and accountability.

Point c

Sufficiently clear.

Point d

Sufficiently clear.

Point e

Sufficiently clear.

Point f

The code of ethics provides for the attitude, behavior, and conducts in implementing the duties and obligations as state financial auditors in order to maintain audit quality, image, and dignity of BPK. This code of ethics is applicable for the Members of BPK, state auditors, and other parties working for and on behalf of BPK.

Point g

Sufficiently clear.

Point h

Sufficiently clear.

Point i

The term "Government Accounting Standard" means the guidelines and measurement on recording and reporting in relation to financial transactions prepared by an authorized committee under the law.

Point j

Sufficiently clear.

Section (2)

Sufficiently clear.

Article 10

Section (1)

The term "management" includes the employees of state/regional companies and other institutions or agencies. The term "State-Owned Enterprises/Local-Owned Enterprises" means state/regional-owned companies of which the most of or the entire capital is owned by state/region.

Section (2)

Sufficiently clear.

Section (3)

Point a

The term "other officials" means state officials and officials administering governance who do not have the status of state officials.

Point b

Sufficiently clear.

Point c

The settlement for state compensation due to a tort committed by a third party is conducted by means of a judicial process.

Section (4)

Sufficiently clear.

Article 11

Point a

Viewpoints provided by BPK include corrections in the field of revenues, expenditures, loan, privatization, liquidation, merger, acquisition, government equity participation, government guarantee, and other fields related to state financial management and accountability.

Point b

Sufficiently clear.

Point c

Sufficiently clear.

Article 12

Sufficiently clear.

Article 13

Sufficiently clear.

Article 14

Section (1)

In appointing Members of BPK, DPR considers the appropriateness and balance between expertise and the composition of field of duties of BPK.

Section (2)

Sufficiently clear.

Section (3)

The term “announced” means it is announced in national mass media within a period sufficient to obtain input from the public.

Section (4)

Sufficiently clear.

Section (5)

Sufficiently clear.

Article 15

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

The term “oldest” means it is determined by age.

Section (4)

Sufficiently clear.

Section (5)

Sufficiently clear.

Article 16

Sufficiently clear.

Article 17

Sufficiently clear.

Article 18

Sufficiently clear.

Article 19

Point a

Sufficiently clear.

Point b

Violations to the code of ethics by the Members of BPK are immediately processed and reported to DPR within 3 (three) months.

Point c

Sufficiently clear.

Point d

Sufficiently clear.

Point e

Sufficiently clear.

Point f

Sufficiently clear.

Article 20

Sufficiently clear.

Article 21

Section (1)

The term “Honorary Board of Code of Ethics of BPK” means the Honorary Board of Code of Ethics of BPK as referred to in Article 30 section (1).

Section (2)

Sufficiently clear.

Article 22

Sufficiently clear.

Article 23

Sufficiently clear.

Article 24

The term “police actions” means the summons in relation to criminal acts, enquiry on criminal acts, arrest, detainment, search, and seizure.

Article 25

Sufficiently clear.

Article 26

Sufficiently clear.

Article 27

Sufficiently clear.

Article 28

Sufficiently clear.

Article 29

Sufficiently clear.

Article 30

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Article 31

Sufficiently clear.

Article 32

Sufficiently clear.

Article 33

Sufficiently clear.

Article 34

Section (1)

To support the principle of freedom and independence as well as the effective implementation of its duties and authority, the organization and operation of Operational Units and functional positions of BPK are determined by BPK after consulting the Government.

Section (2)

The functional position of auditor consists of several hierarchies and ranks with different retirement age limits.

Section (3)

The recruitment of Auditors is regulated by BPK.

Section (4)

Sufficiently clear.

Article 35

Section (1)

To support effective implementation of the duties and authority of BPK, a sufficient budget is provided in accordance with the state financial capacity.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Article 36

Sufficiently clear.

Article 37

Sufficiently clear.

Article 38

Sufficiently clear.

Article 39

Sufficiently clear.

Article 40

Sufficiently clear.

SUPPLEMENT TO THE STATE GAZETTE OF THE REPUBLIC OF INDONESIA  
OF 2006 NUMBER 4654