



REGENT SUKOHARJO  
PROVINCE OF CENTRAL JAVA

SUKOHARJO REGENCY REGULATIONS  
NUMBER 62 OF 2022

ABOUT

TECHNICAL GUIDELINES FOR RISK-BASED PERFORMANCE AUDIT

BY THE GRACE OF GOD ALMIGHTY

REGENT SUKOHARJO,

- Considering:
- a. that in order to ensure the successful achievement of the strategic program for Regional Government implementation, it can run effectively, efficiently and economically (3E);
  - b. that in order to improve governance, control processes and strengthen risks in achieving organizational goals, it is necessary to regulate technical guidelines for risk-based performance audits;
  - c. that based on the considerations as intended in letters a and b, it is necessary to stipulate a Regent's Regulation concerning Technical Guidelines for Risk-Based Performance Audits.

Bearing in mind: 1. Law Number 13 of 1950 concerning the Establishment of Regency Areas within the Province of Central Java as amended by Law Number 9 of 1965 concerning the Establishment of the Level II Batang Regional Regency by amending Law No. 13 of 1950 concerning the Establishment of Regions within the Province of Central Java (State Gazette of 1965 Number 52, Supplement to State Gazette Number 2757);

2. Law Number 23 of 2014 concerning Regional Government (State Gazette of the Republic of Indonesia of 2014 Number 244, Supplement to State Gazette of the Republic of Indonesia Number 5587) as amended several times, most recently by Law Number 11 of 2020 concerning Job Creation (State Gazette of the Republic Indonesia Year 2020 Number 245, Supplement to the State Gazette of the Republic of Indonesia Number 6573);
3. Government Regulation Number 8 of 2006 concerning Financial Reporting and Performance of Government Agencies (State Gazette of the Republic of Indonesia of 2006 Number 25, Supplement to State Gazette of the Republic of Indonesia Number 4614);
4. Government Regulation Number 39 of 2007 concerning Management of State/Regional Money (State Gazette of the Republic of Indonesia of 2007, Supplement to State Gazette Number 4738);
5. Government Regulation Number 60 of 2008 concerning Government Internal Control Systems (State Gazette of the Republic of Indonesia of 2008 Number 127, Supplement to State Gazette of the Republic of Indonesia Number 4890);
6. Government Regulation Number 12 of 2017 concerning Development and Supervision of Regional Government Implementation (State Gazette of the Republic of Indonesia of 2017 Number 73, Supplement to State Gazette of the Republic of Indonesia Number 6041);
7. Government Regulation Number 12 of 2019 concerning Regional Financial Management (State Gazette of the Republic of Indonesia of 2019 Number 42, Supplement to State Gazette of the Republic of Indonesia Number 6322);
8. Government Regulation Number 13 of 2019 concerning Reports and Evaluation of Regional Government Implementation (State Gazette of the Republic of Indonesia of 2019 Number 52, Supplement to State Gazette of the Republic of Indonesia Number 6323);
9. Minister of Home Affairs Regulation Number 18 of 2020 concerning Implementing Regulations of Government Regulation Number 13 of 2019 concerning Reports and Evaluation of Regional Government Implementation (State Gazette of the Republic of Indonesia of 2020 Number 288); And

10. Sukoharjo Regency Regional Regulation Number 12 of 2016 concerning the Formation and Structure of Regional Apparatus (Sukoharjo Regency Regional Gazette of 2016 Number 12, Supplement to Sukoharjo Regency Regional Gazette Number 236) as amended by Sukoharjo Regency Regional Regulation Number 7 of 2022 concerning Amendments to Regional Regulations Number 12 of 2016 concerning the Formation and Structure of Regional Apparatus (Sukoharjo Regency Regional Gazette Number 7 of 2022. Supplement to Sukoharjo Regency Regional Gazette Number 307).

DECIDE:

To stipulate: REGENT REGULATION CONCERNING TECHNICAL AUDIT GUIDELINES RISK-BASED PERFORMANCE.

PIG

GENERAL REQUIREMENTS

article 1

In this Regent's Regulation what is meant by:

1. The region is Sukoharjo Regency.
2. Regional Government is the Regent as an element of regional government administrators who leads the implementation of government affairs which fall under the authority of the autonomous region.
3. The Regent is the Regent of Sukoharjo.
4. Regional Apparatus is the supporting element of the Regent and the Regional People's Representative Council in carrying out government affairs which fall under the authority of the Region.
5. Regional Government is implementation of government affairs by the Regional Government and the Regional People's Representative Council according to the principle of autonomy and assistance duties with the principle of the widest possible autonomy within the system and principles of the Unitary State of the Republic of Indonesia.
6. Regional Inspectorate is the Regional Inspectorate of Sukoharjo Regency.
7. Regional Inspector is the District Regional Inspector Sukoharjo.
8. Regional Assistant Inspector is the Regional Assistant Inspector at the Sukoharjo Regency Regional Inspectorate.

9. Government Internal Supervisory Apparatus, hereinafter abbreviated as APIP, is the Ministry Inspectorate General, non-ministerial government agency supervision units, Provincial Regional Inspectorates, and Regency Regional Inspectorates.
10. Supervisors for the Implementation of Government Affairs in Regions, hereinafter referred to as P2UPD, are Civil Servants who are given full duties, responsibilities, authority and rights by authorized officials to carry out inspection activities on the technical implementation of government affairs in Regions in accordance with statutory regulations. .
11. Auditor is a position that has the scope, duties, responsibilities and authority to carry out internal supervision in government agencies, institutions and/or other parties in which there are state interests in accordance with statutory regulations, which is occupied by Civil Servants with the right to and obligations given in full by authorized officials.
12. Inspection/Audit is a process of problem identification, analysis and evaluation of evidence carried out independently, objectively and professionally based on audit standards, to assess the truth, accuracy, credibility, effectiveness, efficiency and reliability of information on the implementation of the duties and functions of Government Agencies.
13. Performance Audit is an audit of the management of state finances and the implementation of the duties and functions of Government Agencies which consist of aspects of economy, efficiency and effectiveness.
14. State Financial Management is the overall activities of state financial management officials in accordance with their position and authority, which includes implementation and accountability.  
planning, supervision,
15. Work Plan and Budget of Regional Apparatus Work Units, hereinafter abbreviated as RKA-SKPD, is a planning and budgeting document containing programs and activities of Regional Apparatus in the form of income plans, expenditure plans for programs and activities of Regional Apparatus as well as financing plans as a basis for preparing the Revenue and Expenditure Budget Area.

16. Revised Regional Apparatus Work Unit Work Plan and Budget, hereinafter referred to as Revised RKA–SKPD, is a planning and budgeting document which contains changes to income plans, expenditure plans for programs and activities of Regional Apparatus as well as financing plans as a basis for preparing Amendments to the Regional Revenue and Expenditure Budget.
  
17. Regional Revenue and Expenditure Budget, hereinafter abbreviated as APBD, is the annual financial plan of the Regional Government which is determined by Regional Regulation.
  
18. Regional Government Financial Report, hereinafter abbreviated as LKPD, is the accountability for the implementation of the Regional Revenue and Expenditure Budget.
  
19. Government Agency Performance Accountability System, hereinafter abbreviated as SAKIP, is a systematic series of various activities, tools and procedures designed for the purpose of determining and measuring, collecting data, classifying, summarizing and reporting performance in government agencies, in the context of accountability and improving the performance of government agencies.
  
20. Annual Supervision Work Program, hereinafter abbreviated as PKPT, is a supervisory work program which is prepared every year based on the principles of harmony, coherence in order to avoid overlaps and repeated inspections as well as paying attention to efficiency and effectiveness in the use of resources.  
  
supervision.
  
21. Examination Result Report, hereinafter abbreviated as LHP, is a State secret document which cannot be published/disclosed to any party, before obtaining approval from the competent authority.
  
22. *Inputs* are resources in the form of funds, human resources (HR), equipment and materials used to produce output .
  
23. *Outputs* are goods produced, services rendered/provided, or other results from the input process .
  
24. Processes are operational activities that use input *to* produce output .

25. Results (*outcomes*) are goals or objectives that will be achieved achieved through *output*.
26. Effectiveness is the achievement of program results with predetermined targets, namely by comparing output *with* results .
27. Efficiency is achieving maximum output with a certain input or using the lowest input to achieve a certain output.
28. Economics is the acquisition of inputs of certain quality and quantity at the lowest price level.

## CHAPTER II

## PURPOSE AND OBJECTIVES

## Section 2

The purpose of enacting this Regent's Regulation is as technical guidance for APIP at Regional Inspectorates so that they have a common perception and uniform methodology in accordance with audit standards in carrying out Risk-Based Performance Audits.

## Article 3

The purpose of enacting this Regent's Regulation is to:

- a. assess the implementation of Regional Apparatus programs and activities sourced from the APBD so that they can provide recommendations for achieving efficient, effective and economical performance of Regional Apparatus programs and activities on an ongoing basis to improve performance and strengthen the governance of Regional Apparatus; And
- b. technical guidelines for Regional Apparatus in implementing Programs and Activities efficiently, effectively and economically so as to achieve increased performance of tasks and functions as well as organizational goals.

## CHAPTER III

## TECHNICAL GUIDELINES FOR RISK-BASED PERFORMANCE AUDIT

## Article 4

- (1) Technical guidelines for risk-based performance audits include:
  - a. introduction;
  - b. Performance Audit planning;
  - c. implementation of Performance Audits;
  - d. communication of audit results; And
  - e. closing.

- (2) This guide is general in nature and is for APIP to adapt to the business processes of the audited program/activity and pay attention to related references/instructions.
- (3) The technical guidelines for Risk-Based Performance Audit as referred to in paragraph (1) are listed in the Attachment which is an inseparable part of this Regent's Regulation.

#### CHAPTER IV

### RISK-BASED PERFORMANCE AUDIT TARGETS

#### Article 5

- (1) The target of the Risk-Based Performance Audit is to assess the efficiency aspects, effectiveness aspects and economic aspects of Programs and Activities in each Regional Apparatus listed in the APBD.
- (2) In order to make the implementation of the Risk-Based Performance Audit more effective in an audit assignment, the targets as referred to in paragraph (1) are limited to only one of the Programs and Activities that have a high or very high (extreme) level of risk .
- (3) The technical implementation of performance audits in a program and activity as intended in paragraph (2), is further regulated by the Regional Inspector.

#### CHAPTER V

### RISK BASED PERFORMANCE AUDIT ACTIVITIES

#### Article 6

- (1) Risk-Based Performance Audit activities are funded from the APBD and stated in the PKPT.
- (2) PKPT as intended in paragraph (1), is prepared based on the principles of suitability, integration, avoidance of overlap, efficiency and effectiveness in the use of supervisory resources.
- (3) PKPT as intended in paragraph (1), is determined by the Regional Inspector's Decree.

CHAPTER VI

CLOSING

Article 7

This Regent's Regulation comes into force on the date of promulgation.

So that everyone is aware, this Regent's Regulation is ordered to be promulgated by placing it in the Regional Gazette of Sukoharjo Regency.

Stipulated in Sukoharjo on  
December 27 2022

REGENT SUKOHARJO,

signed.

ETIK SURYANI

Promulgated in Sukoharjo on  
December 27 2022

REGIONAL SECRETARY  
SUKOHARJO DISTRICT,

signed.

WIDODO

REGIONAL NEWS SUKOHARJO DISTRICT  
YEAR 2022 NUMBER 62

The copy corresponds to the original  
HEAD OF LEGAL SECTION,

signed.

TEGUH PRAMONO, SH, MH  
NIP Level I Advisor.  
19710429 199803 1 003



ATTACHMENT  
SUKOHARJO REGENCY REGULATIONS  
NUMBER 62 OF 2022  
ABOUT  
PERFORMANCE AUDIT TECHNICAL GUIDELINES  
RISK BASED

TECHNICAL GUIDELINES FOR RISK-BASED PERFORMANCE AUDIT

A. INTRODUCTION

1. Background.

APIP currently occupies a strategic role as an agent *of change* which is expected to be able to provide added value *for* improving governance, risk management, control processes and risk management in achieving organizational goals.

In supporting the continued implementation of this role, APIP must have the initiative to continuously make continuous improvements. One way these improvements can be achieved is by encouraging improvements in the performance of government agencies, through implementing APIP's role as a supervisor in performance audits.

As an internal government supervisory apparatus, APIP at the Sukoharjo Regency Regional Inspectorate is required to increase its capabilities in order to improve regional government performance through supervision results. Through Performance Audits, APIP is expected to be able to assess whether a function/program/activity has been implemented efficiently, effectively and economically, which in the end is able to contribute to improving performance aspects including effective, efficient, economical (3E) aspects in regional apparatus organizations.

*Stakeholder* demands for the implementation of regional government strategic programs based on economic, efficient and effective principles and providing added value to community welfare mean that risk-based performance audits must be carried out by APIP.

In the *grand design* matrix of Risk-Based Internal Supervision (PIBR), the position of performance audit lies at the maturity level of Risk Management (MR) Level 3 (*Risk Defined*) and APIP Capability (IACM) Level 3 (*Integrated*). This position explains that risk-based performance audits are carried out if the MR maturity level has reached Level 3 and is carried out by APIP with a Level 3 capability level.

The Sukoharjo Regency Government, as a regional level agency with a risk management maturity level of level 3, needs to have risk-based performance audit guidelines to encourage APIP together.

together with management to make improvements in a better direction. Therefore, APIP must understand and be competent regarding risk management and be encouraged to be able to facilitate the implementation of risk management in their agency.

## 2. Understanding Performance Audit.

Performance audits or what we hereafter call performance audits, in accordance with Law Number 15 of 2004 concerning Audits of Management and Responsibility for State Financial Management, article 4 paragraph (3), are audits of state financial management which consist of audits of economic and efficiency aspects. as well as examining aspects of effectiveness.

Based on Government Regulation Number 60 of 2008 concerning the Government Internal Control System, article 50 paragraph (2), a performance audit is an audit of the management of state finances and the implementation of the duties and functions of Government Agencies which consist of aspects of economy, efficiency and effectiveness.

Meanwhile, in the Financial Audit Agency (BPK) Regulation Number 1 of 2017 concerning State Financial Audit Standards, performance audits are carried out to test and assess economic, efficiency and/or effectiveness aspects, as well as other performance aspects of the main thing being examined with the aim of providing recommendations that can lead to improvement.

From the definition above, it can be synthesized that a risk-based performance audit is an audit carried out to improve performance and improve the risk management process for regional leadership strategic programs with the aim of assessing compliance with applicable regulations by assessing aspects of efficiency, effectiveness and economics (3E), assessing the success of strategic programs, as well as providing suggestions for improving risk management and internal control.

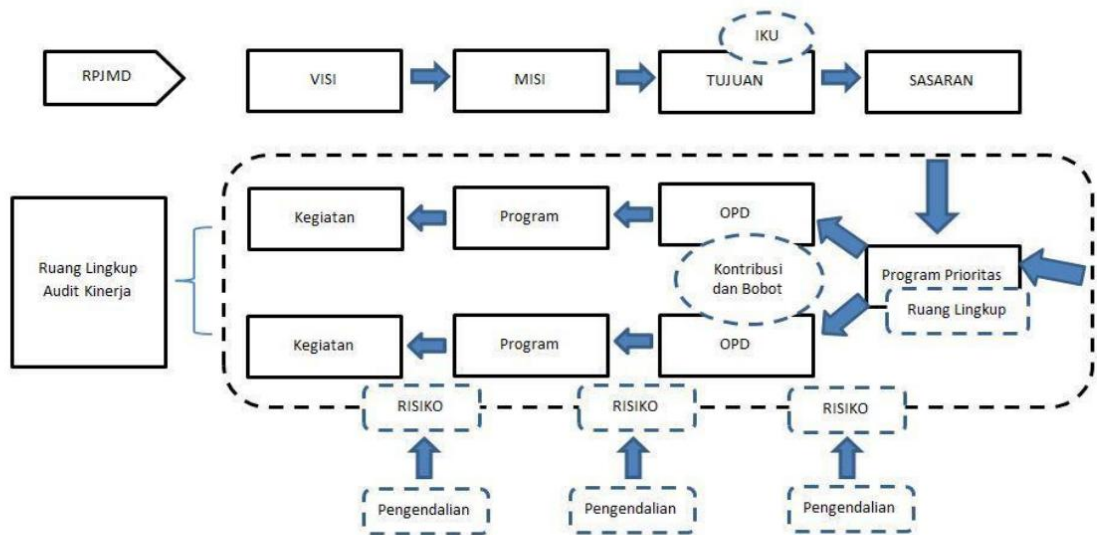
## 3. Performance Audit Characteristics.

A performance audit must be able to answer that the priority program being audited has been implemented in the correct way. If used as an analogy, a performance audit is described as being like a medical check - up, but carried out on priority programs. Performance audits must be able to provide suggestions for improvement of "diseases" or "potential diseases" that plague the performance of priority programs that are not optimal and that risk management is inadequate.

A performance audit is *an audit for management* so it is hoped that the results of the performance audit carried out by APIP can provide recommendations for improvement as an effort to increase the entity's accountability and performance

audited. Performance audits require performance indicators as clear, valid and accountable measures regarding economic, efficiency and effectiveness (3E) aspects.

#### 4. Scope and Objectives of Performance Audit



The scope of the performance audit is in the supervision area, namely strategic programs that have high risks as stated in the PKPT which was previously prepared based on Risk-Based Supervision Planning (PPBR). Performance audits are carried out on work programs that contribute most to determining the strategic targets of the RPJMD.

The purpose of a performance audit is to provide added value and suggestions to management regarding performance improvements to reduce/eliminate/recover impacts, suggestions for risk management and control in the context of improving organizational governance.

#### 5. Benefits of Performance Audits.

The results of performance audits provide information to entities and stakeholders about the quality of resource management and also assist regional leaders by identifying and proposing improvements to programs/activities so that better accountability, economics, resource efficiency and increased effectiveness in achieving goals and compliance with legislation.

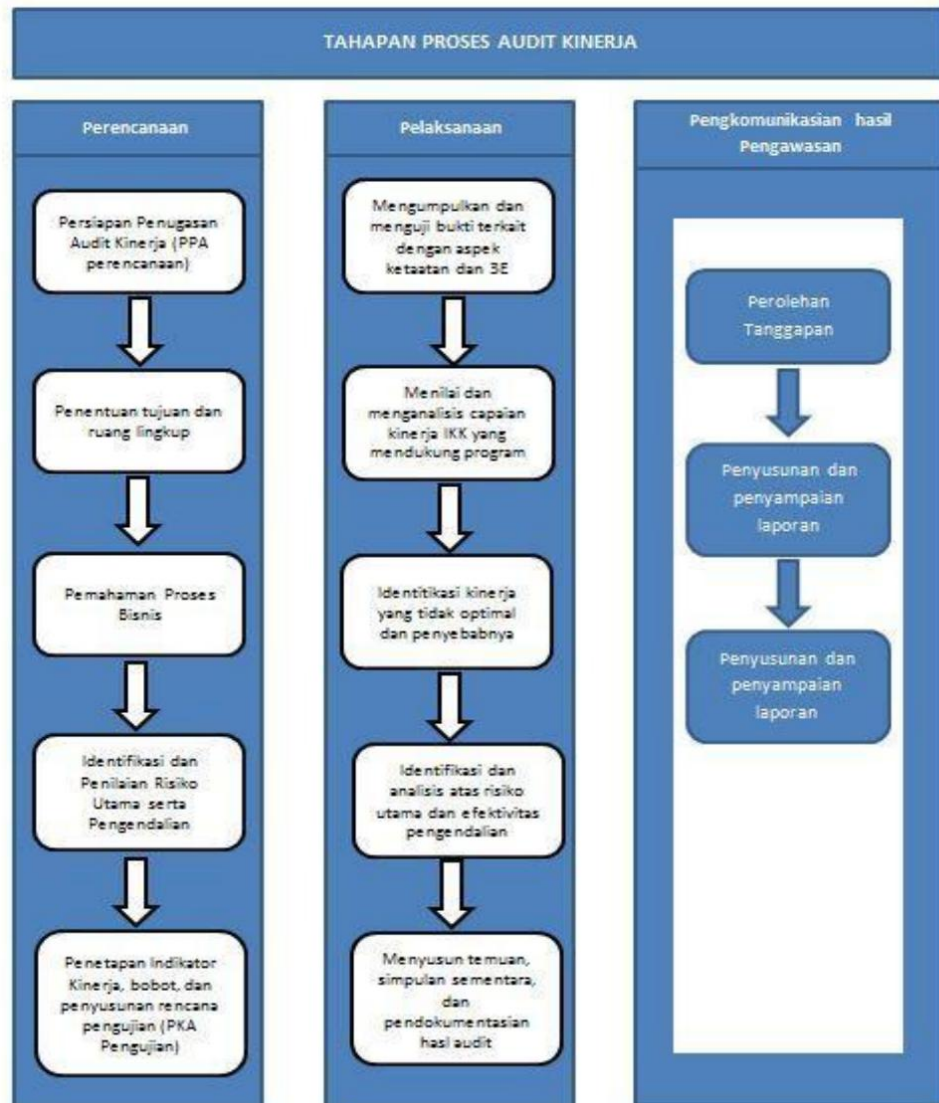
#### 6. Performance Audit Standards.

Performance Audits are carried out based on the Indonesian Government Internal Audit Standards (SAIPI) published by the Indonesian Government Internal Auditor Association.

### 7. Limitations of Performance Audits.

Performance audits are limited to assessing the performance of an organization, with sample programs or activities that include audits of economic, efficiency and effectiveness (3E) aspects in regional apparatus organizations within the Sukoharjo Regency Government which are funded from the Sukoharjo Regency Regional Revenue and Expenditure Budget.

### 8. Stages of Performance Audit.



#### a. Planning Stage.

This stage consists of preparing the assignment, determining objectives and scope, understanding the auditee's business processes, identifying and assessing main risks and main controls. The result of this stage is an agreement on determining performance indicators, a performance audit model, determining TAO and an audit work program (PKA) plan for testing evidence that will be implemented at the performance audit implementation stage.

#### b. Implementation Stage

In this stage, measurements, assessments and testing are carried out on the evidence obtained related to compliance aspects, 3E aspects, as well as performance achievements based on performance indicators with the model agreed upon during the planning stage.

The performance results are then identified and analyzed for their achievements in areas of Activity Performance Indicators (IKK) whose performance achievements are not optimal or whose performance achievement indicators are still below the "successful" predicate limit of the predetermined targets. Performance indicators whose achievements are still below will be used as *areas of improvement* that need to identify the true causes and provide suggestions for improving performance, risk management and control, especially those that are the main risks and controls that exist for the auditee.

Furthermore, APIP can compile findings on the test results of each Activity Performance Indicator (IKK) based on existing evidence for the priority program. The test results will also be used by APIP in making conclusions about the performance of priority programs based on the performance indicator criteria that have been agreed upon at the planning stage.

#### c. Audit Results Communication Stage

After completing field assignments, drawing up conclusions, findings and proposed recommendations, APIP needs to communicate its performance to Audit Leadership/Management. <sup>Before carrying out final discussions with auditees, APIP should conduct internal discussions.</sup>

Internal discussions need to be attended by the entire audit team, which is useful for ensuring that the contents of the results notification are correct audit (temporary conclusions) has been supported by relevant, competent and sufficient evidence.

Furthermore, to obtain a response to the conclusions resulting from communicating the audit results, it is necessary to carry out a formal final discussion with the auditee. Final discussions should be carried out effectively and result in agreement.

The final discussion should be attended by parties who have positions and authority in decision making, both from the APIP and the auditee.

Communicating the results of the APIP audit, which includes recommendations and suggestions, is very important for auditees to improve existing weaknesses and shortcomings according to the suggestions given by APIP. It is hoped that the recommendations provided can reduce the impact of problems and increase projected achievements

performance, improve weaknesses in existing risk management and control and can reduce the level of organizational risk so that *the outcomes* of performance audits can be achieved.

#### 9. Performance Audit Methodology.

The performance audit methodology is carried out by assessing it step by step and then an overall assessment is carried out using audit criteria for each component that has been determined for a program in an OPD through the technique:

- a. data collection and review of documents;
- b. analysis of central and regional laws and regulations;
- c. examination of administration documents, accountability and reporting on use of funds;
- d. physical observation/check of program and activity implementation; And
- e. interviews with implementers and related officials.

Several approaches that can be taken in performance audits:

1. *Integrated Performance Management System (IPMS)* approach , namely an approach/method for measuring performance by setting goals, the process of achieving goals, factors that influence success, and indicators of success. This approach is more appropriate for measuring the performance of short-term and periodic programs such as infrastructure or programs with a certain time duration, either one year or five years.

Note: the application of the IPMS methodology depends on the complexity of the priority programs selected as performance audit monitoring areas, such as, among others:

- a. how many OPDs are involved. The more OPDs and performance indicators in the program, the more complex the IPMS methodology built will be; And
  - b. how many program performance indicators and activity performance indicators support the key to the success of the program.
2. *Balance scorecard* approach , which is a performance measurement using four perspectives, namely finance, *stakeholders*, business processes, and *learning process and growth*.  
This approach can be modified according to existing business processes in the public sector.

This approach can be used for continuous routine/sustainable programs that are oriented towards finance, *stakeholders*, business processes, and *learning processes and growth* , such as business processes in One Stop Integrated Service (PTSP) work units whose business processes are continuously the same and repetitive and liaise directly with *stakeholders*.

3. *Logic* approach , namely a measurement method that describes the cause and effect relationship between various program components and performance indicator components such as input, *output* and *outcome*. This approach is usually used to evaluate the achievement of a program/activity.

#### 10. Competency HR Requirements for Performance Audits.

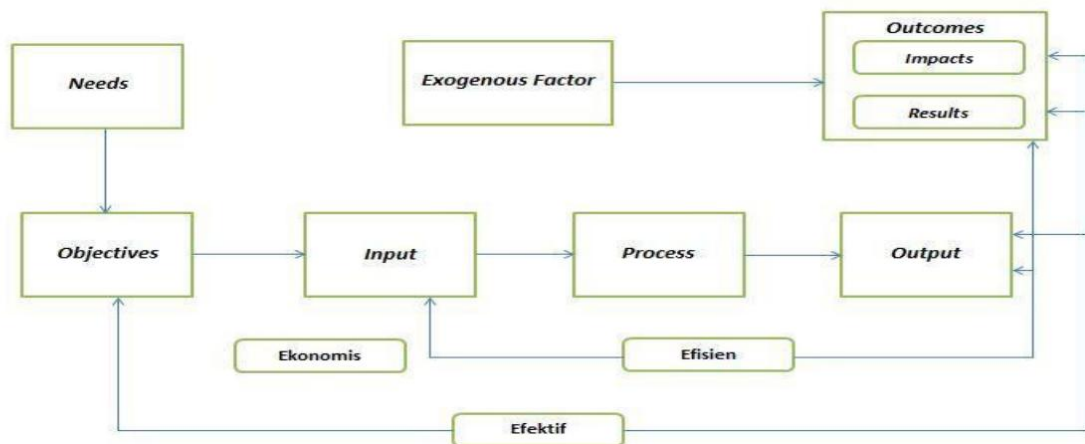
In carrying out its duties, APIP is obliged to follow established audit standards. To carry out a performance audit, APIP needs to have professional competence and care (standard 2000, AAIP) regarding performance audits. Competency requirements that must be possessed include having a sufficient formal educational background and having other skills such as analytical skills, creative abilities, communication skills, both in oral and written form and the ability to understand good management.

These competencies are obtained through education, training and experience in conducting performance audits (*Knowledge, Skill and Attitude*). Apart from that, APIP can use internal or external experts (2014 Standards, AAIP), if there are no APIP human resources who have the required expertise. APIP needs to consider the qualifications of these experts as regulated in SAIP, General Standards points 10 to 16 with a minimum requirement of having attended Performance Audit Training/Bintek.

With the above criteria, it can be concluded that APIP human resources who carry out performance audits are those who have been trained to carry out performance audits, understand performance measurement and understand the auditee's business processes. APIP must be able to become an *early warning system* for organizational leaders to take corrective actions.

APIP needs to have knowledge and skills in various technical areas that are aligned with the auditee's business processes.

#### 11. Economical, Efficient and Effective (3E) Concepts in Performance Auditing.



a. Economical.

This value is related to the acquisition of resources that will be used in the process at the right cost, time, place, quality and quantity. This means minimizing the cost of purchasing inputs that will be used in the process, while maintaining the quality and standards applied.

Audits on this aspect include:

- 1) whether goods or services for the purposes of programs, activities, functions and activities have been obtained at cheaper prices compared to the same goods or services contained in the standard prices/e-catalog *and* association prices; And
- 2) whether the goods or services have been obtained with better quality compared to similar types of goods/services at the same price contained in the standard price/e *catalog* and association prices.

b. Efficient.

Efficiency is the optimal relationship between input and *output*.

An entity is said to be efficient if it is able to produce maximum output with a certain amount of input or is able to produce a certain output by utilizing minimum input. Audits on efficiency aspects include:

- 1) whether the available inputs to produce goods/services have been used optimally;
- 2) whether the same *output* can be obtained with less input; And
- 3) whether the best *output* in terms of quantity and quality can be obtained from the input used.

c. Effective.

Effectiveness is related to achieving goals. Effectiveness is related to the relationship between *the output* produced and the goals achieved (*outcomes*). Effective means that *the output* produced has met the stated objectives.

Effectiveness can also be seen from *outcomes* in the form of impact, however, measuring effectiveness through to impact requires a broader and larger scope of performance measurement, so that up to now measuring effectiveness has only been in the form of *output* benefits from the goals/ targets to be achieved.

Audits on effectiveness aspects include:

- 1) whether *the output* produced has been utilized as intended expected;
- 2) whether *the output* produced is consistent with the objectives set; And
- 3) whether the stated *outcome* comes from *the output* produced and not from the influence of the external environment.



## B. PERFORMANCE AUDIT PLANNING

### 1. Preparation.

Preparation of a performance audit assignment is necessary to ensure that the performance audit can be carried out well. Performance audits are carried out on supervision areas that have been determined in the Risk Based Supervision Planning (PPBR). The following are things that need to be prepared, including: a. identify APIP's mandate/authority, general policies and regulations related to the program and relevant information on selected priority programs. This was obtained from the Internal Audit Chapter (IAC), RPJMD, Strategic Plan, current issues, budget size and findings from the previous audit period. The results of this identification can be used as a Potential Audit Objective (PAO);

- b. prepare teams and assignment letters for activities inspection to be carried out; And
- c. allocate and determine appropriate resources to achieve audit assignment targets in making the Planning Audit Work Program (PKA).

### 2. Determining Goals and Scope.

Determining objectives and scope is a critical process at the start of an assignment. The steps required to determine the objectives and scope are as follows:

#### a. Determine the audit objectives.

In determining performance audit objectives, APIP carries out measurements, assessments and reporting on compliance aspects as well as economic, efficiency and effectiveness (3E) aspects of priority program performance achievements.

#### b. Determine the scope of the audit.

Meanwhile, in determining the scope of the audit, you can look at the priority programs/activities for a certain period specified in the PPBR, and you can also obtain audit information from previous periods.

### 3. Understanding Business Processes.

After determining the objectives and scope, the next stage is understanding the audited business process by APIP.

The things that need to be done in this stage are:

- a. identification of alignment between priority programs in the RPJMD, RKPD, with the Strategic Plan, RKT and RKA of each OPD related to priority programs;

Note: If this has been done during the PPBR process, it can be continued with the next step.

- b. identification and analysis of the condition of the Internal Control System (SPI) related to elements and sub-elements of the control environment;

Note: If this has been done during the PPBR process, it can be continued with the next step.

- c. identification of priority programs related to regulations/guidelines, operational guidelines/juknis, technical policies and existing SOPs from Ministries/Institutions and Regional Apparatus related to priority programs/activities; And
- d. identify critical areas in the business processes of implementing the program.

4. Understanding audit objects and identifying problems.

The objectives of the activity of understanding audit objects and identifying problems are:

- a. obtaining data, information, audit background/programs/activities and audited public service functions regarding matters relating to input, process, output and outcome; And
- b. Identify existing problems in the audit/program/activity to be audited. The input required for this activity includes:
  - 1) laws and regulations related to programs/activities priority;
  - 2) standard operating procedures (SOP) and operational instructions related to priority programs/activities being audited;
  - 3) audit results report in the previous period;
  - 4) results of discussions with audit leaders and stakeholders; And
  - 5) results of mass media coverage and review of information from the internet related to the program/activity being audited.

Not all inputs listed above must be obtained, but rather depend on the scope of the audit and the considerations of the Performance Audit Team.

The steps that need to be taken in understanding the audit and identifying problems are detailed as follows:

- a. analysis of SOPs/rules relating to audits, which are relevant to the audit objectives;
- b. make a brief observation at the audit office. This activity is carried out to measure the level of compliance with the implementation of SOPs/rules and the Internal Control System;
- c. conduct an interview with the audit leader. This interview is conducted in order to obtain general information, such as the audit mission to be audited, activity targets for the current year, available budget, realization of activities, and so on;
- d. review of regulations related to audits/programs/activities being audited, progress reports on program implementation, as well as obstacles in achieving the program;
- e. carry out an inventory of benchmarks, standards or KPIs that have been implemented by the auditee in implementing programs/activities; And

f. draw conclusions regarding the understanding of the audit and the problems identified in this stage.

5. Determination of Performance Audit Criteria.

Criteria are needed as a basis for comparison of whether the practices implemented have reached the performance standards they should be. The input used to determine the criteria includes the following:

a. Output from previous activities includes:

1) general description of the audit/program/activities being audited which includes, among other things, input, process, output and outcome;

2) results of a review of statutory regulations covering authority, aims and objectives, and organizational structure; And

3) information regarding factors that influence performance audit.

b. Criteria obtained from related audits include controls, standards, measures, results, targets and commitments set by the audit.

c. Criteria obtained from audited historical performance.

d. Best practices *obtained* from similar activities

which has been successful.

e. Standards set by professional organizations through a standard and generally accepted *process* .

This means that these criteria are the result of consultation and have been tested, so that the authorities/~~interested~~ <sup>interested</sup> parties reflect the results of professional agreement.

f. Performance indicators designed by audit or by the government, such as those listed in the RPJMD, Strategic Plan, RKA, or agreed performance agreement.

g. Information and knowledge that has been standardized.

h. The criteria used in audit activities are similar or by Supervisory Institutions in other Countries.

i. Criteria standards from organizations within or outside the country carry out similar activities or programs.

j. Results of identification of the goals and objectives of the program/activity audit.

k. Results of identifying trends in average or optimal performance that have been achieved achieved.

l. Other literature.

The steps that must be taken in determining the criteria can be detailed as follows:

1. Identify whether the auditee has criteria that can be used to measure the performance of the program/activity being implemented;

2. Test whether the auditee's criteria are relevant to the audit objectives and meet the characteristics of good criteria as follows:
    - a. reliable;
    - b. objective;
    - c. beneficial;
    - d. understandable;
    - e. comparable;
    - f. complete;
    - g. acceptable; And
    - h. relevant.
  3. develop other criteria with the auditee's approval if the auditee does not have criteria or from the test results, the existing criteria are found to be relevant to the audit objectives and do not meet the characteristics of the criteria;
  4. Communicate the criteria that will be used to the auditee before the audit is carried out to obtain mutual agreement regarding the basis for measuring performance used in the audit of the object being audited. This is done to obtain agreement between the auditee and APIP, so that there will be no rejection of the audit results. If no agreement is reached regarding the criteria that have been developed, then APIP must carry out further analysis and discussion until criteria are obtained that are agreed upon by both parties; And
  5. apply the criteria established in the audit.
6. Preparation of Performance Audit Work Program.
- The audit work program contains the audit objectives and procedures that must be carried out to achieve the audit objectives. The input required for this detailed activity includes a Preliminary Survey, Indonesian Government Internal Audit Standards (SAIPI), Supervision Implementation Guidelines (SOP), and special directions from APIP leadership regarding detailed audits. The audit program includes the following matters:
- a. Audit Basics.
 

APIP includes statutory provisions which become a mandate for APIP in carrying out audits.
  - b. Auditing Standards.
 

Contains audit standards used in carrying out audits. The standards used are the Indonesian Government Internal Audit Standards (SAIPI) as published by the Government Internal Auditors Association

Indonesia (AAIPI).
  - c. Audited Public Service Organizations/Programs/Functions.
 

Contains the audit that will be examined.
  - d. Audited Fiscal Year.
 

Contains the year of the budget period for which the audit will be carried out.

e. Audited Identity and General Data.

Contains general data on audited organizations/programs/activities/public service functions.

f. Reasons for Audit.

Contains the reasons for conducting an audit which can come from the results of analysis of the initial data and information to be audited.

g. Audit Type.

Fill in "Performance Audit".

h. Audit Objectives.

Audit objectives are general objectives obtained or determined during the process of Determining Audit Objectives and Scope.

i. Audit Objectives.

Detailed audit objectives that describe what has been determined in the general audit objectives.

j. Audit Methodology.

Contains the audit methodology or method and approach that will be taken in carrying out the performance audit assignment.

k. Audit Criteria.

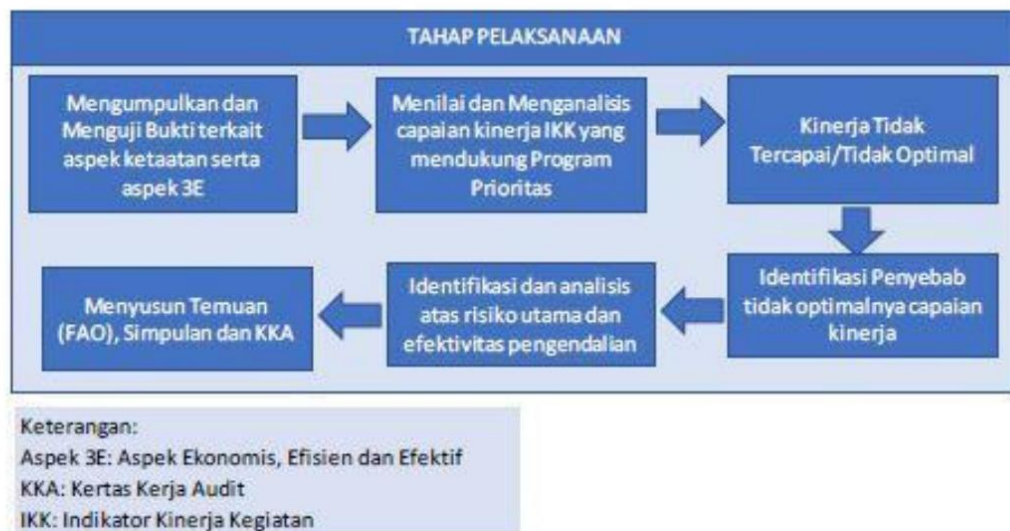
Contains audit criteria that will be used in the audit.

Types and Sources of Evidence and Audit Procedures

Contains the types and sources of evidence needed to answer the audit objectives. The audit procedures created aim to provide guidance to APIPs regarding the required audit evidence. Audit steps/procedures should be made according to the audit objectives that have been determined so that the audit results can answer or achieve the audit objectives.

Based on the audit work program determined by the APIP leadership, the Performance Audit Team Leader makes a division of tasks and team members prepare individual work programs and submit them to the team leader for approval.

## C. IMPLEMENTATION OF PERFORMANCE AUDIT



In this stage, testing will be carried out to obtain sufficient, competent and relevant evidence regarding the conditions of priority programs, so that APIP can:

- a. assess and conclude the performance of the priority program from the compliance aspect and 3E aspect;
- b. identify and analyze the causes of no optimal performance of priority programs;
- c. prepare audit conclusions and findings; And
- d. provide suggestions to reduce the impact of problems, improve performance, improve risk management, control and *Governance Risk Control*.

### 1. Data Acquisition and Testing

The aim of this stage is to obtain audit evidence to support audit findings and audit conclusions. Audit evidence must have sufficient, competent and relevant characteristics to provide a strong basis for audit findings, conclusions and recommendations. In obtaining material audit evidence, auditors can use sampling techniques that represent the population of data being audited (*representative*).

In order for the sample selection to be truly *representative*, you can use examples of statistical formulas/tables that are commonly used in determining sample size, including:

- a. Slovin's formula

$$n = \frac{N}{N(d)^2} + 1$$

Information n

= sample

N = population

d = 95% precision value or sig. = 0.05

b. Formulas based on Isaac and Michael's Proportions or Tables.

Apart from using the Slovin formula to determine a *representative* sample, APIP can also use the Isaac and Michael tables. Where in the table there are error rates of 1%, 5% and 10%. With this table, APIP can directly determine the sample size based on the population size and the desired error rate.

c. Minimum sampling amount.

APIP when carrying out audits/supervision whose scope is not too large, can use a minimum sampling number as mentioned by Roscoe in Sugiyono (2010: 131) who says that the appropriate sample size in research is between 30 to 500. However, if the population is small out of 30, then the whole is taken.

Evidence obtained from data acquisition and testing can be in the form of:

a. Physical Evidence, which can be obtained from:

- 1) direct observation, for example: of the activities of a person, an event, or the condition of a particular asset;
- 2) observation of ongoing processes/procedures; And
- 3) inspection/field visit to a project, verification supplies, and more.

b. Testimonials are statements obtained orally through interviews, discussions, or in the form of written statements in response to questions or interviews.

Testimonial/oral/information evidence is documented in the form of interview documents, conversation recordings stored on a recording device or magnetic tape along with transcripts.

c. Documents are evidence in physical form, whether in the form of official documents or electronic goods. This evidence is the most commonly obtained of all types of audit evidence. Documentary evidence can be obtained from inside or outside the auditee. Things that include documentary evidence include:

- 1) statutory regulations;
- 2) documents related to the organization (organizational strategic plan, organizational vision and mission, organizational structure);
- 3) letters, meeting minutes; And
- 4) contract documents.

d. Analysis is a type of audit evidence that can be obtained from audits or developed by APIP itself. The quality of analytical evidence obtained from audits needs to be tested to be used as audit evidence. Analytical evidence may include ratio and trend analysis, comparison of procedures and standards with required provisions, performance comparison with similar organizations, analysis of detailed testing of transactions, cost-benefit analysis, as well as analysis of sampling determination.

Inputs used in the "Data Collection and Testing" activity include: Audit Work Program, Audit Data, and Audit Criteria.

Based on the type and source of evidence that has been identified as well as the audit work program that has been determined, APIP carries out data collection. After that, the data is tested to ensure that the audit objectives are achieved. This audit data will later become supporting evidence for the audit findings. The steps required in audit evidence testing activities are as follows:

- 1) APIP can use testing techniques, including: interviews, direct inspection/audit, confirmation, analytical reviews (ratios, trends, patterns), etc. In determining evidence testing techniques, APIP needs to consider factors including the type and source of evidence being tested, as well as the time and costs required to test the evidence;
- 2) APIP compares the results of testing audit evidence with audit criteria;  
And
- 3) APIP identifies cause and effect if there are significant differences between conditions and criteria.

## 2. Testing aspects of obedience, performance aspects (3E), and achievement of results performance

In the process of carrying out performance audits, APIP collects and obtains evidence of the test results of selected samples on compliance and 3E aspects. Apart from that, APIP also assesses and summarizes performance achievements based on performance indicators and models/methodologies that have been agreed upon at the planning stage.

Performance assessments and conclusions are also based on the contribution of each actor/OPD implementing priority programs. APIP in conducting tests on compliance aspects, namely APIP can provide adequate confidence that the areas, processes, systems audited for priority programs are in accordance with applicable laws, policies, procedures and related regulations, as well as other applicable criteria/provisions.

Next, there are tests related to 3E aspects carried out by APIP, for example, economic and efficient aspects. APIP can test how to obtain input regarding goods and services as well as obtain input for activities that support priority programs. APIP also needs to look at the acquisition of these inputs with the *output* results to see the efficient aspect, whether the auditee has obtained, protected and used its resources economically and efficiently as well as identifying the causes of savings and inefficiencies.



Meanwhile, for measuring and assessing aspects of effectiveness, APIP can assess whether the program results or benefits obtained are in accordance with those determined and assess the extent to which the auditee's activities in implementing the program in question have achieved the objectives. After that, APIP can assess the performance achievements of each activity performance indicator that supports priority programs based on the test results on the compliance and 3E aspects.

The results of the performance achievements of the activity performance indicators which were not achieved/not optimal are then identified and analyzed as to the reasons why the performance achievements were not achieved or the performance indicators were still below the "successful" predicate limit of the predetermined target. Performance indicators whose achievements are still below will be used as *areas of improvement* that need to identify the true causes and provide suggestions for improving performance, risk management and control, especially those that are the main risks and controls that exist for the auditee.

Meanwhile, when the performance audit was carried out, it turned out that the program was still running and did not have intermediate targets, so the 3E assessment and performance measurement only looked at the economic and efficiency aspects without needing to look at the effectiveness of the program. However, if you already have an intermediate target, you can see its effectiveness.

### 3. Testing the main risks of IKK areas that are not optimally achieved

its performance

APIP in identifying and analyzing the causes of non-achievement of performance achievements should be linked to the identification and determination of main risks as well as the effectiveness of controls carried out by management. The causes of performance achievements that are not achieved/not optimal are analyzed for main risks/strategic risks (high and very high), especially those that have been determined by the auditee/management.

APIP needs to assess and analyze whether the risk identification and determination process carried out by auditees/management is adequate or not. APIP needs to test whether the main risks have been identified, analyzed and evaluated appropriately by management. If it is found that there is an incorrect main risk determination or a main risk that has not been identified by management during the risk preparation process, then the inappropriate risk or main risk that has not been identified can be used as a finding for APIP in the context of suggestions for improving the risk management of the program. .

The following are several steps in carrying out testing and risk assessment, namely:

- a. obtain planning documents related to Regional Government objectives up to the objectives of the supervision area (RPJMD-Renstra RKPD-Renja);
- b. obtain the risk management policy that applies to the Regional Government;
- c. get the latest risk register document which has been updated and signed by the OPD leadership as well as other related documents;
- d. carry out testing and assessment of the context determination, both at the Regional Government strategic level, OPD strategic level and OPD operational level, including testing the alignment of risk determination, whether the risks determined have referred to the Regional Government's strategic goals and objectives (RPJMD-OPD Renstra);
- e. carry out testing whether the determination of probability and impact, as well as the determination of risk appetite, is in accordance with the Regional Government's MR policy;
- f. carry out testing and assessment of the risk identification stages, starting from the process, whether parties have been involved who really understand the business processes and risks, whether risks have been identified starting from analyzing objectives, identifying activities/programs to achieve objectives, identifying risks in each activity/program involved. can hinder goal achievement. Is the determination of operational risk, strategic risk and Regional Government entity risk related to the program appropriate, are there still major risks (high and very high) that have not been identified by management;
- g. carry out testing of the risk analysis process, related to providing probability and impact values, whether it has involved an objective process through workshops/FGDs/others involving the right parties (understanding business processes and risks);
- h. carry out risk evaluation assessments, including preparing risk profiles and mapping them in accordance with established risk management policies; And
- i. ensure that all significant organizational risks have been identified, analyzed and properly evaluated by management.

After the work steps as detailed above have been implemented, they need to be documented in a working paper.

#### 4. Testing the effectiveness of primary controls over non-IKK areas optimal performance achievement

After testing the main risk process, APIP then tests the effectiveness of control over these main risks. Based on audit standards, it is stated that APIP is necessary

understand the design of the internal control system and test its implementation/ effectiveness of auditee/management internal control.

Testing the effectiveness of the main controls is by looking at the accuracy of the control design with the objectives of the control design and comparing the control design with its implementation. The purpose of testing the effectiveness of controls is to provide confidence that controls over key risks have been able to reduce risks to an acceptable level (within the risk appetite area).

As for testing the accuracy of the main control design, namely, APIP assesses/ analyzes whether the control design created and carried out by management is appropriate/in accordance with the objectives set by management regarding the control of main risks (high and very high). When APIP tests design accuracy, there may be three conditions encountered by APIP, namely:

- a) the first condition, the possibility of APIP encountering a condition of excessive control design, meaning that the controls designed by the auditee are too tight so that there are controls that are actually unnecessary. Even though in reality the risk has been successfully reduced to an acceptable level, excessive control will only increase costs for the organization;
- b) second condition, there is the possibility that the control design is inadequate, meaning that the existing controls have not been able to reduce the risk to an acceptable level. For this condition, APIP can recommend additional controls that need to be carried out by the auditee so as to reduce the risk to an acceptable level. In addition, there is a possibility that the auditee, in accordance with his/her authority, may not be able to reduce the risk to an acceptable level; And
- c) the third condition is when APIP assesses that the control design is adequate (not excessive and not insufficient), so the recommendation given is to monitor risks periodically. To be able to conclude that control is adequate, APIP needs to understand the business processes currently running and consider the risk occurrence *data/database* . If the risk still occurs frequently, it indicates that existing controls are not effective.

In more detail, the control design/design testing work steps are as follows:

- 1) obtain the work unit's latest risk register document that has been validated by the OPD leadership to see the objectives and risk statements related to the program;

- 2) identification of main control plans for main risks in the IKK area with performance achievements that are not achieved/not optimal;
- 3) obtain a written policy on main controls and identify main control attributes (4W1H), for main risks in the IKK area with performance not achieved/not optimal. What is meant by control attributes is that the components in the control are able to answer the 4W1H questions (what, who, when, why and how to control risks); And
- 4) review the accuracy of the control action plan by analyzing whether the control attributes have been designed in accordance with the risk objectives for the program so that it can reduce the risk to an acceptable level, in the form of reducing probability and impact, including analyzing the root causes and the need for additional controls.

To clarify and make it easier to understand, the control design can be described in a control *form*. Techniques for testing the accuracy of control designs can include interviews with key employees, namely employees who understand business processes and risks related to the substance of the control form, research and analysis of documents and related procedures.

If the results of the design/control design testing are declared ineffective/inappropriate, APIP can provide suggestions for strengthening the control design, such as improving the substance of the control *form* in order to achieve program performance results.

Furthermore, APIP carried out suitability testing of the implementation of control design controls for the main risks in the IKK area with performance achievements not being achieved/not optimal.

In this case, APIP can carry out testing of the control implementation simultaneously with testing the accuracy of the control design. If the results of testing the accuracy of the control design show that the control is not effective/not appropriate, then implementation testing is still carried out to determine management's commitment to implementing the control plan.

Testing the implementation of the control design can be carried out using several techniques as follows:

- 1) *Observation/Inspection*.
  - a) APIP obtains, collects and analyzes documents/forms of evidence of control implementation and reviews conformity with the SOP/control design; And

b) APIP can carry out observations/inspections, especially regarding the implementation of periodic controls, such as physical inventory counts and reconciliation of expenditure realization.

APIP looks closely at the implementation of an activity directly and comprehensively. This is done to ensure that controls have been implemented in accordance with the plan.

If there are differences between the design and implementation of controls, it is hoped that we can identify the causes of the differences and assess their impact.

When carrying out observations/inspections, APIP needs to be careful about the possibility that employees will work better if they know that they are being observed.

## 2) Facilitated interviews and/or discussions with key employees.

Interviews with management and control implementers can provide initial evidence regarding the effectiveness of control design and implementation in an organization. This interview has two objectives, namely to obtain information on the understanding of management and control implementers regarding control design (what it should be); and identify findings between existing practice (what happens) and what procedures should be. As an alternative to interviews, APIP can invite several leaders and key employees who understand business processes and risks to conduct facilitated discussions to assess the design or implementation of internal controls. Facilitated discussions have the same goals as interviews, but there are several advantages to using facilitated discussions, including:

a) with the presence of the leadership and control implementers, APIP will get an overview of the entire process (*end-to-end*) of organizational control; And

b) improve communication and understanding of procedures, related controls and the responsibilities of leaders and control implementers in achieving goals program.

## 3) Re-implementing an activity (*reperformance*)

If it is felt that the testing steps that have been carried out have not provided sufficient confidence that a control has been implemented according to its design, then *reperformance* of the control can be carried out.

It can be concluded that control implementation testing techniques can take the form of interviews with key employees and organizational leaders, observing procedures/SOPs with implementation in the field, reviewing documents as evidence of control implementation and assessing whether what is written in the SOP has been carried out in the right way, by people who appropriate and well documented, as well as *reperformance* of existing internal controls. Based on the results of testing the effectiveness of the main controls, it is hoped that APIP can provide suggestions for improving the effectiveness of controls. Next, the process of testing the effectiveness of key controls needs to be documented in a working paper.

#### 5. Preparation of audit findings and conclusions

If in the risk-based performance audit process, conditions are found that do not meet the criteria significantly, then APIP can make recommendations. It is necessary to look for the causes and consequences of differences in conditions with the criteria.

The steps required in compiling audit findings are as follows:

- a) based on the conclusions of the evidence testing results, if there is a significant difference (*gap*) between the conditions and the criteria, determine whether the difference is positive or negative.  
A positive difference occurs if the conditions found are the same or better than the criteria. Negative differences occur if the conditions found do not match/reach the criteria;
- b) it is very possible that APIP finds a condition that meets or exceeds the criteria called a positive finding. APIP needs to consider the relevance of positive findings to the audit objectives. If the findings are relevant to the audit objectives, then APIP needs to disclose this in the Audit Result Report;
- c) in the event that APIP finds conditions that do not meet the criteria, which are referred to as negative findings, APIP needs to identify the elements of the finding to become an audit finding;
- d) if indications are found that contain elements of state loss/fraud that are relevant to the audit objectives, then APIP needs to deepen its audit until it becomes an audit finding.  
Indications that are not relevant to the audit objective need to be adequately documented in the KKA and will be followed up in other appropriate types of audit;
- e) APIP communicates the concept of audit findings with the audit leader to obtain clarification. The purpose of communicating the concept of audit findings with the auditee is to validate the concept of findings that has been developed by APIP; And
- f) APIP submits Audit Findings to the audit leader audited.

The output resulting from the "Preparation of Audit Findings" activity is:

- a) concept of Audit Findings;
- b) Minutes of Audit Findings; And
- c) Official Written response to the Minutes of Audit Findings.

In audit assignments, if there is a problem caused by weaknesses in the rules, policies, provisions which are criteria, then APIP can provide suggestions to management to carry out a review/study of these criteria as input in making policies to improve policies in the future.

#### 6. Performance Audit Documentation

Performance audit documentation is kept in an orderly and systematic manner and is related to audit planning, implementation and reporting so that it can support APIP conclusions, facts and recommendations.

This documentation includes targets, sources and conclusions made by APIP so that the relationship between facts and conclusions on APIP's LHA performance can be seen.

Each working paper documentation needs to be reviewed in stages to ensure that the working paper has been prepared and contains information on the results of the implementation of the Audit Work Program (PKA) as well as ensuring that the audit implementation and APIP conclusions are in accordance with audit standards. Even though the working papers contain information about the auditee, the ownership rights to the audit working papers lie with the APIP agency. The use of audit working papers by APIP agencies must comply with applicable laws and regulations and regulations set by professional organizations.

#### D. COMMUNICATION OF AUDIT RESULTS AND FOLLOW-UP MONITORING

##### 1. Obtaining responses to conclusions and recommendations.

To obtain a response to the conclusions from communicating the audit results, it is necessary to carry out a formal final discussion with the auditee. Final discussions should be carried out effectively and result in agreement.

The final discussion should be attended by parties who have positions and authority in decision making, both from the APIP and the auditee. The agreement on the results of the final discussion is documented in the form of a Minutes of Results Discussion

An audit that contains information regarding the results of the audit conclusion, auditee responses, agreed or disagreed recommendations, as well as other matters that require further discussion.

## 2. Preparation of the concept of the performance audit report.

The internal audit report must include the following:

a) Statement that the Audit was carried out in accordance with Audit Standards.

APIP in carrying out its audit duties is required to follow existing audit standards. The Audit Standards used by APIP are the Indonesian Government Internal Auditor Standards published by the Association of Indonesian Government Internal Auditors (AAIPI).

b) Objectives, Scope and Audit Methodology.

An audit report must contain the objectives, scope and methodology of the audit. APIP must explain the reasons why an audit is audited, what is expected or achieved from carrying out the audit, what is audited, and how the audit is carried out.

c) Audit results in the form of audit findings, conclusions and recommendations.

1) Audit findings are a 'snapshot' of the reality found by APIP in carrying out a performance audit.

2) Conclusions from the audit results must be able to answer the audit objectives that have been previously determined. Drawing conclusions can be done using quantitative or qualitative methods.

3) Recommendations APIP must submit recommendations to the auditee to improve performance in problematic areas in order to improve the quality of implementation of audited audit activities. A recommendation will be very constructive/building if: it is directed at resolving the problems found; oriented to real and specific actions; addressed to parties who have the authority to act; and can be implemented.

d) Response from the official responsible for the results of the APIP audit must obtain a written and official response to the audit findings, conclusions and recommendations from the authorized official who is being audited. In fulfilling the communication quality requirements, namely fair, complete and objective, the audit as much as possible seeks reviews and responses from the auditee so that a report is obtained that not only presents the facts and opinions of the auditor, but also contains the opinions and plans carried out by the auditant.



### 3. Submission of Performance Audit Results Report. a)

LHA systematics.

The Audit Results Report (LHA) is prepared in the form of a CHAPTER, with the following systematics: CHAPTER I

: Introduction

- A. Basis of Audit Assignment.
- B. Audit Objectives.
- C. Audit Scope.
- D. Audit Methodology.
- E. Audit Stages.
- F. Auditing Standards.
- G. Audit Limitations.
- H. Assignment.
- I. Period and Time of Audit.
- J. Performance Appraisal.
- K. Overview of Priority Programs.
  - 1. Program Background.
  - 2. Program Goals and Objectives. a.
    - Program objectives. b.
    - Program Targets.
  - 3. Program Implementing Organization. a.
    - Organizational Structure. b.
    - Organizational Leader. c.
    - Program Implementation Team.

CHAPTER II : PERFORMANCE AUDIT RESULTS

- A. SPIP assessment.
  - 1. Control Environment.
  - 2. Risk identification and analysis.
  - 3. Control Activities.
  - 4. Information and Communication.
  - 5. Monitoring.
- B. Collect and test evidence related to aspects of compliance, effectiveness, efficiency, economics and analysis of performance achievements.
- C. Identify the causes of non-optimal performance achievements by identifying and analyzing main risks and control effectiveness.

CHAPTER III: CONCLUSIONS AND RECOMMENDATIONS FROM AUDIT RESULTS

- A. Financial Realization.
- B. Assessment of Key Performance Indicators.
- C. Performance Audit Findings.
- D. Barriers to Performance Achievement.
- E. Performance Improvement Recommendations.

CHAPTER IV: CLOSING

- b) LHA is typed on folio size HVS paper (F4) using *Bookman Old Style* font size 11, single space.
  - c) The LHA is signed by the Inspector, addressed to the Regent with copy:
    - 1) Governor of Central Java Cq. Central Java Provincial Inspector;
    - 2) Deputy Regent;
    - 3) Head of Regional Apparatus who is audited; And
    - 4) archive.
  - d) The LHA is submitted to the Regent of Sukoharjo no later than 7 (seven) days from publication.
  - e) LHA is a confidential document and cannot be published except with written permission from the Regent.
  - f) The regional apparatus being audited is obliged to follow up on the LHA in accordance with the recommendations no later than 30 (thirty) working days from receipt of the LHA.
  - g) Regional Apparatus Leaders who do not follow up on LHA recommendations will be subject to sanctions in accordance with statutory provisions.
  - h) Inspectors carry out monitoring and updating of implementation of follow-up to the results of the Performance Audit.
  - i) For the smooth implementation of monitoring and updating  
To carry out the follow-up to the results of the Performance Audit, a Follow-up Monitoring and Updating Team (TP2TL) was formed which was determined by the Inspector's Decree.
  - j) The results of monitoring and updating the implementation of the follow-up to the results of the Performance Audit are discussed in the Supervisory Results Coordination Meeting (Rakorwas) forum.
  - k) The results of the Coordination Meeting are prepared and reported to the Inspector in the form of a report on the results of supervisory coordination which contains the status of completion of the follow-up to the recommendations resulting from the audit.
4. Follow-up Monitoring.

Follow-up monitoring is carried out so that auditees can correct existing weaknesses and deficiencies, according to the suggestions given by APIP. APIP in carrying out monitoring must ensure that all recommendations have been implemented and

achieve *the outcomes* of the performance audit. As well as including follow-up monitoring activities in strategic and annual plans.

Follow-up monitoring is very important in achieving performance audit *outcomes* . Because following up on performance audit recommendations will increase compliance, improve performance and improve organizational governance, internal control and risk management in achieving organizational programs and goals.

## E. CLOSING

Things that need to be considered in carrying out a Performance Audit include:

1. that the Performance Audit is directed at whether a function/program/activity has been implemented efficiently, effectively and economically, which in the end is able to contribute to improving performance aspects including effective, efficient, economical (3E) aspects in regional apparatus organizations, so that APIP must can carry out the function of *Quality Assurance* or quality guarantee, and *Consulting Partner* or as a consultant by carrying out the *Early Warning System* function or as an early warning before an external inspection is carried out; And
2. Even though the Performance Audit is preventative in nature, this does not mean that APIP ignores fraud in *the* management of programs/activities in the regional apparatus being audited, so that in carrying out its duties APIP must be able to assess compliance with statutory regulations in terms of the extent of the program/activity. has provided benefits to society.

This risk-based performance audit guideline has been prepared as a reference for all levels of APIP to carry out their duties and functions in the audit field, so that all audit programs and activities can be carried out effectively, efficiently and economically. Policies related to inspections were also prepared as a strategy for the Regional Inspectorate of Sukoharjo Regency to increase the transparency of government governance and implement bureaucratic reform which in the end can increase financial accountability and performance accountability of the Regional Government, so that the benefits of the government's presence can be felt in real terms by the community.

REGENT SUKOHARJO,

signed.

ETIK SURYANI