

## Self Assessment Report on Project Implementation

### Indonesia:

#### Developing the anti-corruption strategy of the office of the Inspector General

Pillar 1 – Developing effective and transparent systems for public service

Implementing agency/ contact: Ministry of Finance, Office of Inspector General  
Directorate General of Tax, Directorate General of Custom and  
Excise, Directorate General of Budget

Project budget: n.d.

Starting date: July 2002

Closing date: n.d.

#### Project description:

To support the existing efforts of the IG of MOF in overseeing programs, operations and activities of all unit within MOF to ensure compliance with applicable laws and regulations and prevent, detect, and deter fraud and abuse.

#### Project objectives and scope

- a) To apply good governance elements to a number of key procedure in tax, custom and budgeting agencies;
- b) To enhance public participation in overseeing the work of MOF employees with the aim to enhance the detection of misconduct in the MOF;
- c) To enhance the effectiveness of the investigation unit; and
- d) To determine the audit approach which best allows for effective detection of corruption.

#### Project inputs (project components and implementation steps)

- a) n.a.
  - b) Recommended by IMF to reform tax administration and custom unit, Directorate General of Tax, Directorate General of Custom and Excise, IG and Secretary General of MOF worked together to develop code of ethic for tax administration and custom employees, committee of code of ethic, and public complain handling mechanism and facility.  
IG has submitted PBIS (Project Brief Information Sheets) to the Government of Japan (JICA) for enhancing public complain handling. The PBIS has been discussed with JICA officials at the IG office and in the time being the PBIS is in the Prioritizing Schedule phase by government of Japan.
  - c) On March 2003, Financial Services Volunteer Corps undertook a scoping study and provided IG with a series of recommendations and observation to be followed up.  
On July 2003, the US treasury advisor supported by IMF mission in Indonesia did an assessment of IG concerning enhancement of investigative unit within the IG.  
Based on those two recommendations and in line with MOF restructuring, IG has proposed to expand its function with an investigation aspect to the Minister.
  - d) Risk Based Audit (RBA) discussion and workshop within OIG.
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## Project outputs

- a) n.a.
- b) Code of Ethic (Ministry Decree) for Directorate General of Tax and Directorate General of Custom, Code of Ethic Commission, Public Complain Handling Mechanism and Access Points.
- c) Proposal of IG's function revision to the minister.
- d) IG audit approach and methodology based on RBA.

## Project benefits & risks

- a) n.a.
- b) Public can send their complaints much easier than before and IG can help Directorate General of Tax in increasing government revenue by using the complainer information or data for finding tax frauds or abuses.
- c) A strong IG could help MOF better to increase government revenue trough preventing and detecting fraud and abuse in the programs, operations and activities of all units within MOF, especially Directorate General of Tax and Directorate General of Custom and Excise.
- d) IG audit activities are more effective and efficient.

## Output evaluation

- a) n.a.
- b) Still need some revision or improvement since incoming public complains have not increased greatly as it's expected
- c) The revisions will enhance IG's capability in detecting and preventing fraud and abuses.
- d) Sometime, it is still difficult to implement the concept since IG doesn't have a good database that can use as parameters for RBA implementation.

## Project design changes (if any)

MOF proposal project is used as a guidance (program), not really as a project, for directing IG in developing its capabilities.

## Project overall assessment

Good enough to support IG activities and operation, even though it hasn't optimal yet.

## Major lessons learned

- Take lot of time and more effort to coordinate with other government units.
- It's much easier to focus on one aspect.

## Follow-up action and recommendation

- a) n.a.
  - b) If Jica approve IG's PBIS, IG will set a program to encourage public about the important of their participant in enhancing MOF performance.
  - c) To arrange investigation trainings (local or overseas) for IG's auditors.
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