

# Audited Project Financial Statements

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Project Number: 46094-001  
Loan Number: 3122-INO  
Period covered: January 2015 to December 2015

## Indonesia: Neighborhood Upgrading and Shelter Project (Phase 2)

Prepared by The Directorate General of Human Settlements, Ministry of Public Works and Housing of the Republic of Indonesia

For the Asian Development Bank  
Date received by ADB: 30 June 2016

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**AUDIT BOARD OF  
THE REPUBLIC OF INDONESIA**

**AUDIT REPORT  
ON  
FINANCIAL STATEMENTS OF ADB LOAN 3122-INO  
IN  
NEIGHBORHOOD UPGRADING AND SHELTER PROJECT PHASE 2  
(NUSP-2)  
DIRECTORATE GENERAL OF HUMAN SETTLEMENTS  
THE MINISTRY OF PUBLIC WORKS AND HOUSING  
YEAR 2015**

**AUDITORATE OF STATE FINANCE IV**



**Number : 29.A/LHP/XVII/06/2016  
Date : June 24, 2016**

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## LIST OF ABBREVIATIONS

ADB	:	Asian Development Bank
APBN	:	State Revenues and Expenditures Budget
Bappeda	:	Regional Revenues and Expenditures Budget
BKM	:	Community Self-Reliance Agency
BLM	:	Community Direct Assistance
CA	:	Community Advisors
CC	:	City Coordinator
CIO	:	Community Implementing Organization
EA	:	Executing Agency
FGD	:	Forum General Discussion
FISSA	:	Financial Statement of Special Account
GAP	:	Gender Action Plan
KPP	:	Users and Operators Group
LCO	:	Local Coordinating Office
LKM	:	Community Self-Reliance Institution
LMK	:	Financial Management Report
LMP	:	Program Management report
LSM	:	Community Social Institution
MDGs	:	Millennium Development Goals
NMC	:	National Management Consultant
NOI	:	No Objection Letter
NPHLN	:	Note of Foreign Grant Loan
NSD	:	New Sites Development
NUAP	:	Neighborhood Upgrading Action Plan
NUSP	:	Neighborhood Upgrading Shelter Project
PCR	:	Project Completion Report
PHLN	:	Foreign Grant Loan
PKP	:	Settlements Area Development
PMP	:	Audit Management Guideline
PMU	:	Project Management Unit
Pokja	:	Working group
POK	:	Activity Operational Instructions

RKM	:	Community Activity Plan
RMC	:	Regional Management Consultant
Satker	:	Working unit
SAI	:	Agency Accounting System
SKS	:	Own Kampong Survey
SIAP	:	Slum Improvement Action Plan
SPKN	:	State Financial Audit Standard
SPM	:	Payment Order
SP2D	:	Fund Disbursement Order
TPPI	:	Infrastructure Users and Operators Team
UPM	:	Community Complaint Unit
WA	:	Withdrawal Application

**SYSTEMATICS OF THE AUDIT REPORT  
ON THE FINANCIAL STATEMENTS OF  
NEIGHBORHOOD UPGRADING AND SHELTER PROJECT PHASE 2  
IN 2015**

The results of audit on the Financial Statements of Neighborhood Upgrading and Shelter Project Phase 2 (NUSP-2) of year 2015 consist of three reports as follows:

**1. Audit Report on Financial Statements**

This report consists of: (a) the audit which includes the opinion of the BPK on the fairness of Financial Statements of NUSP-2 in 2015; (b) the Financial Statements of NUSP-2 in 2015; and (c) the General Overview of the Audit which consists of the audit legal basis, audit objective, audit target, audit standard, audit method, audit period, audit object, and audit limitations.

**2. Audit Report on the Internal Control System**

This report contains: (a) Audit Summary; (b) Internal Control System Audit Findings of 2015; and (c) Follow-up actions on the findings in previous Audits.

**3. Audit Report on the Compliance with Statutory Regulation**

This report contains: (a) Audit Summary; (b) Audit Findings on the Compliance with Statutory Regulations in 2015; and (c) Follow-up actions on the findings in previous Audits.





**AUDIT BOARD OF  
THE REPUBLIC OF INDONESIA**

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**AUDIT REPORT ON  
THE FINANCIAL STATEMENTS**

Based on Law Number 15 of 2004 concerning State Financial Management and Accountability Audit and Law Number 15 of 2006 concerning the Audit Board (BPK), BPK has audited the Financial Statements of Asian Development Bank (ADB) Loan 3122-INO Neighborhood Upgrading and Shelter Project Phase 2 (NUSP-2) at the Ministry of Public Works and Housing for the year ended on December 31, 2015. BPK's responsibility is to express an opinion on the financial statements based on the audit conducted.

BPK conducted the audit based on State Financial Auditing Standards. The Standards require BPK to plan and perform the audit in order to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining of the basis of testing, evidences supporting the amounts and disclosures in the financial statements. The audit also includes assessing the accounting principles used and significant estimates made by NUSP-2, assessing the compliance with the provisions of statutory regulations, assessing the reliability of internal control system materially affecting the financial statements, as well as evaluating the overall presentation of the financial statements, BPK assured that the audit has provided basis for expressing opinion.

BPK is of the opinion that the attached Financial Statements in the form of Statement of Expenditure (SOE) fairly present, in all material respects, the financial position of NUSP-2 dated December 31, 2015 in accordance with the provisions of financial reporting framework in Project Management Manual and Term of Reference which are relevant to the preparation of said financial statements.

As part of obtaining reasonable assurance on the fairness of the financial statements, BPK has audited the internal control system and compliance with statutory regulations. The audit reports on internal control system and the compliance with statutory regulations are presented in the reports number 29.B/LHP/XVII/06/2016 and

number 29.C/I.HP/XVII/06/2016 dated June 24, 2016 which constitute an inseparable part of this report.

Jakarta, June 24, 2016

AUDIT BOARD OF  
THE REPUBLIC OF INDONESIA  
Deputy Auditor in Charge,



Dr. Iida Farida, S.E., M.M., Ak., CA.  
State Register Accountant No. D-46.261

## BUDGET REALIZATION REPORT (LRA)

### 1. LRA of Category 1 (Work)

**Table 1.1 Realization of Category 1 (Works) LOAN 3122-INO**

No	Regency/Municipality	DIPA Ceiling (Rp)	Total (Rp)	Balance (Rp)	%	USD
1	2	3	4	5=3-4	6	7
1	Makassar	3.000.000.000,00	2.700.000.000,00	300.000.000,00	90%	198.529,00
2	Batam	1.000.000.000,00	1.000.000.000,00	0,00	100%	73.529,00
3	Palembang	2.000.000.000,00	2.000.000.000,00	0,00	100%	147.059,00
4	Semarang	2.500.000.000,00	1.000.000.000,00	1.500.000.000,00	40%	73.529,00
5	Bandar Lampung	3.500.000.000,00	2.893.193.000,00	606.807.000,00	83%	212.735,00
6	Palangkaraya	1.000.000.000,00	1.000.000.000,00	0,00	100%	73.529,00
7	Pekalongan	2.500.000.000,00	2.350.000.000,00	150.000.000,00	94%	172.794,00
8	Ambon	1.000.000.000,00	1.000.000.000,00	0,00	100%	73.529,00
9	Bengkulu	1.500.000.000,00	1.500.000.000,00	0,00	100%	110.294,00
10	Banjarmasin	2.000.000.000,00	2.000.000.000,00	0,00	100%	147.059,00
11	Palopo	1.500.000.000,00	1.500.000.000,00	0,00	100%	110.294,00
12	Bima	3.000.000.000,00	0,00	3.000.000.000,00	0%	0,00
13	Kapuas	3.000.000.000,00	1.000.000.000,00	2.000.000.000,00	33%	73.529,00
14	Pasuruan	2.000.000.000,00	1.515.400.000,00	484.600.000,00	76%	111.426,00
15	Bone	2.000.000.000,00	2.000.000.000,00	0,00	100%	147.059,00
16	Sukabumi	1.500.000.000,00	1.500.000.000,00	0,00	100%	110.294,00
17	Serang	3.500.000.000,00	2.500.000.000,00	1.000.000.000,00	71%	183.824,00
18	Tanjung Jabung Barat	1.500.000.000,00	1.500.000.000,00	0,00	100%	110.294,00
19	Tanjung Balai	3.500.000.000,00	3.500.000.000,00	0,00	100%	257.353,00
20	Kendari	3.000.000.000,00	2.921.815.000,00	78.185.000,00	97%	214.839,00
	<b>Total</b>	<b>44.500.000.000,00</b>	<b>35.380.408.000,00</b>	<b>9.119.592.000,00</b>	<b>80%</b>	<b>2.601.498,00</b>

### 2. LRA of Category 2 (Workshop and Training)

**Table 1.2 Realization of Category 2 (Workshop and Training) LOAN 3122-INO**

No	Description of Activity	Organizer	WA No	Date of SP2D	Payment	
					Value	
					Rp	USD
1	2	3	4	5	6	7
1	Duty Trip	Bendahara PKPS	0002	17/09/15	241.533.082,00	17.863,56
2	Material For Training	CV ARYESTHA FRIMA	0002	21/09/15	23.572.841,00	1.743,42
3	Workshop Kits	CV PRINGGODANI SEJATI	0002	21/09/15	37.390.909,00	2.765,40
4	Honorarium	Bendahara PKPS	0002	21/09/15	18.445.000,00	1.388,09
5	Duty Trip	Bendahara PKPS	0002	02/11/15	14.957.687,00	1.093,24
6	Workshop SIAP	PT LIPPO KARAWACI	0002	02/11/15	228.150.000,00	16.675,19
7	Honorarium	Bendahara PKPS	0002	23/11/15	16.350.000,00	1.193,78
8	Materials	CV ARYESTHA FRIMA	0002	23/11/15	5.625.000,00	410,70
9	Materials	CV ADH ARTHA	0002	01/12/15	47.850.000,00	3.465,38
10	Duty Trip	Bendahara PKPS	0002	01/12/15	6.924.000,00	455,82
11	Workshop (Batam)	PT MANUNGGAL PRIMA	0002	01/12/15	253.500.000,00	18.358,92
12	Materials	PT GADA JAYA PERKASA	0003	21/12/15	44.550.000,00	3.211,51
13	Workshop	PT GADA JAYA PERKASA	0003	29/12/15	210.900.000,00	15.463,01
	<b>Total</b>				<b>1.149.748.519,00</b>	<b>84.088,01</b>

### 3. LRA of Category 3 (Consulting Service)

**Table 1.3 Realization of Category 3 (Consulting Service) LOAN 3122-INO**

No	Description of Activity	Consultant	Contract Value (Rp)	Payment	
				Rp	
				5	6
1	2	3	4	5	6
1	Consulting services for national management	PT LPPSLH Konsultan JV PT Tera Buana Manggala	21.201.725.050,00	2.644.335.912,00	193.214,76



No	Description of Activity	Consultant	Contract Value (Rp)	Payment	
				Rp	USD
1	2	3	4	5	6
	consultants (NMC)	Jaya			
2	Consulting services for regional management consultants (RMC) - West Region	PT Yodya Karya (Persero) jv PT Mitrapasific Consulindo International (MCI), PT Binatama Wirawredha Konsultan, PT Bumi Harmoni Indoguna	20.854.842.250,00	2.843.842.125,00	203.786,61
3	Consulting services for regional management consultants (RMC) - Central Region	PT Adhicipta Engineering Consultant	25.701.858.050,00	4.218.908.754,00	308.411,01
4	Consulting services for regional management consultants (RMC) - East Region	PT Widya Graha Asana jv PT Innerindo Dinamika, PT Amsecon Bertian Sejahtera	20.744.630.500,00	4.509.630.600,00	330.198,61
	Total		88.503.055.850,00	14.216.797.391,00	1.035.610,99

## FINANCIAL STATEMENT OF SPECIAL ACCOUNT (FISSA)

### 1. FISSA-1

Table 1.4 FISSA-1

<b>Part A - Account Activity</b>		
1.	S.A. balance at year start (01/07/2015)	USD 7.400.000,00
	Plus :	
2.	Total amount paid by ADB in the 2015	USD 0,00
3.	Amount refund to S.A.	USD 0,00
	Less :	
4.	Total amount withdraw from S.A.	USD 2.635.379,34
5.	S.A. balance at year end (27/12/2015)	USD 4.761.620,66
<b>Part B - Account Reconciliation</b>		
1.	Total Initial Deposit	USD 7.400.000,00
2.	Total amount recovery by ADB	USD 0,00
	a. Recovery up to year start US\$ 0,00	
	b. Recovery during the year US\$ 0,00	
3.	Balance not yet recovered at year end (subtract line 1 from 2)	USD 7.400.000,00
4.	S.A. balance at year end (27/12/2015)	USD 4.761.620,66
5.	Refund due to be S.A.	USD 0,00
6.	Amount previously claimed for replenishment not yet credited at year end (27/12/2015)	
	1. Appl. 0002	USD 1.207.696,07
	Total	USD 1.207.696,07
7.	Total expenditure withdraw from S.A. but not yet claimed at year end (27/12/2015)	USD 1.430.683,27
8.	Total amount documented for at year end (add line 4 through 7)	USD 7.400.000,00
9.	Note : (explain if line 3 is different with line 8)	USD 0,00



2. FISSA-2

Table 1.5 FISSA-2 (Expenditures Withdraw from Special Account but not yet Claimed for December 31, 2015)

No	BI Statement				SP2D			
	Date	Item-No	Fy-Page	Debit Amount (USD)	Number	Date	KPKN	Debit Amount (Rp)
1	2	3	4	5	6	7	8	9
1	15/12/2015	1	2015- 1	10.827,98	151281301009856	08/12/2015	SUKABUMI	150.000.000,00
2	15/12/2015	2	2015- 1	10.827,98	151281301009879	08/12/2015	SUKABUMI	150.000.000,00
3	15/12/2015	3	2015- 1	32.817,44	150321301015851	08/12/2015	MALANG	454.620.000,00
4	15/12/2015	5	2015- 1	10.749,61	150761304000306	10/12/2015	TANJUNG BALAI ASAHAN	150.000.000,00
5	15/12/2015	6	2015- 1	14.332,81	150581302000868	10/12/2015	PALOPO	200.000.000,00
6	15/12/2015	7	2015- 2	10.749,61	150761304000311	10/12/2015	TANJUNG BALAI ASAHAN	150.000.000,00
7	15/12/2015	8	2015- 2	10.749,61	150761304000308	10/12/2015	TANJUNG BALAI ASAHAN	150.000.000,00
8	15/12/2015	9	2015- 2	10.749,61	150761304000306	10/12/2015	TANJUNG BALAI ASAHAN	150.000.000,00
9	15/12/2015	10	2015- 2	10.749,61	150761304000309	10/12/2015	TANJUNG BALAI ASAHAN	150.000.000,00
10	15/12/2015	11	2015- 2	10.749,61	150761304000310	10/12/2015	TANJUNG BALAI ASAHAN	150.000.000,00
11	15/12/2015	12	2015- 2	10.749,61	150431301023836	10/12/2015	PALANGKARAYA	150.000.000,00
12	15/12/2015	13	2015- 2	14.332,81	150581302000864	10/12/2015	PALOPO	200.000.000,00
13	15/12/2015	14	2015- 3	10.749,61	150431301023837	10/12/2015	PALANGKARAYA	150.000.000,00
14	15/12/2015	15	2015- 3	10.749,61	150761304000307	10/12/2015	TANJUNG BALAI ASAHAN	150.000.000,00
15	15/12/2015	16	2015- 3	14.332,81	150581302000865	10/12/2015	PALOPO	200.000.000,00
16	15/12/2015	18	2015- 3	7.175,15	150431301024609	11/12/2015	PALANGKARAYA	100.000.000,00
17	15/12/2015	19	2015- 3	10.762,72	150551303002051	11/12/2015	WATAMPONE	150.000.000,00
18	15/12/2015	20	2015- 3	10.762,72	150551303002047	11/12/2015	WATAMPONE	150.000.000,00
19	15/12/2015	21	2015- 4	10.762,72	150551303002045	11/12/2015	WATAMPONE	150.000.000,00
20	15/12/2015	22	2015- 4	10.762,72	150551303002046	11/12/2015	WATAMPONE	150.000.000,00
21	15/12/2015	23	2015- 4	10.762,72	150551303002043	11/12/2015	WATAMPONE	150.000.000,00
22	15/12/2015	24	2015- 4	10.762,72	150451301025973	11/12/2015	BANJARMASIN	150.000.000,00
23	15/12/2015	25	2015- 4	10.762,72	150551303002048	11/12/2015	WATAMPONE	150.000.000,00
24	15/12/2015	26	2015- 4	10.762,72	150551303002044	11/12/2015	WATAMPONE	150.000.000,00
25	15/12/2015	27	2015- 4	10.762,72	150551303002052	11/12/2015	WATAMPONE	150.000.000,00
26	15/12/2015	28	2015- 5	10.762,72	150261303018743	11/12/2015	SLMARANG I	150.000.000,00
27	15/12/2015	29	2015- 5	7.175,15	150431301024610	11/12/2015	PALANGKARAYA	100.000.000,00
28	15/12/2015	30	2015- 5	10.762,72	150451301025972	11/12/2015	BANJARMASIN	150.000.000,00
29	15/12/2015	31	2015- 5	10.762,72	150261303018744	11/12/2015	SEMARANG I	150.000.000,00
30	15/12/2015	34	2015- 5	10.664,77	150721303004403	15/12/2015	PEKALONGAN	150.000.000,00
31	15/12/2015	35	2015- 6	14.174,52	150601302018696	15/12/2015	KENDARI	199.366.000,00
32	15/12/2015	36	2015- 6	14.188,58	150601302018701	15/12/2015	KENDARI	199.562.400,00
33	15/12/2015	37	2015- 6	21.329,54	150091302002556	15/12/2015	TANJUNG PINANG	300.000.000,00
34	15/12/2015	38	2015- 6	14.217,02	150601302018695	15/12/2015	KENDARI	199.962.400,00
35	15/12/2015	39	2015- 6	14.187,64	150601302018700	15/12/2015	KENDARI	199.549.200,00
36	15/12/2015	40	2015- 6	31.994,31	150181301015810	15/12/2015	BENGKULU	450.000.000,00
37	15/12/2015	41	2015- 6	42.850,08	150141303014748	15/12/2015	PALEMBANG	600.000.000,00
38	15/12/2015	42	2015- 7	51.045,71	150171303006989	15/12/2015	BANDAR LAMPUNG	717.957.900,00
39	15/12/2015	43	2015- 7	53.323,85	150201301024275	15/12/2015	SFRANG	750.000.000,00
40	15/12/2015	44	2015- 7	10.664,77	150721303004423	15/12/2015	PEKALONGAN	150.000.000,00
41	15/12/2015	45	2015- 7	10.664,77	150721303004402	15/12/2015	PEKALONGAN	150.000.000,00
42	15/12/2015	46	2015- 7	10.664,77	150581302000900	15/12/2015	PAI OPO	150.000.000,00
43	15/12/2015	47	2015- 7	10.664,77	151431301004888	15/12/2015	KUALA TUNGKAL	150.000.000,00
44	15/12/2015	48	2015- 7	10.664,77	151431301004889	15/12/2015	KUALA TUNGKAL	150.000.000,00
45	15/12/2015	49	2015- 8	10.664,77	150721303004404	15/12/2015	PEKALONGAN	150.000.000,00
46	15/12/2015	50	2015- 8	10.664,77	150721303004401	15/12/2015	PEKALONGAN	150.000.000,00
47	15/12/2015	51	2015- 8	10.664,77	150581302000901	15/12/2015	PALOPO	150.000.000,00
48	15/12/2015	52	2015- 8	10.664,77	151431301004890	15/12/2015	KUALA TUNGKAL	150.000.000,00
49	15/12/2015	53	2015- 8	12.107,84	150601302019193	15/12/2015	KENDARI	170.296.800,00
50	23/12/2015	1	2015- 1	10.676,16	150251303019706	18/12/2015	SEMARANG I	150.000.000,00
51	23/12/2015	2	2015- 1	10.676,16	150761304000376	16/12/2015	TANJUNG BALAI ASAHAN	150.000.000,00
52	23/12/2015	3	2015- 1	10.676,16	150761304000374	16/12/2015	TANJUNG BALAI ASAHAN	150.000.000,00
53	23/12/2015	4	2015- 1	10.676,16	150761304000380	16/12/2015	TANJUNG BALAI ASAHAN	150.000.000,00
54	23/12/2015	5	2015- 1	10.676,16	150761304000379	16/12/2015	TANJUNG BALAI ASAHAN	150.000.000,00
55	23/12/2015	6	2015- 1	10.676,16	150761304000375	16/12/2015	TANJUNG BALAI ASAHAN	150.000.000,00
56	23/12/2015	7	2015- 2	10.676,16	150761304000373	16/12/2015	TANJUNG BALAI ASAHAN	150.000.000,00
57	23/12/2015	8	2015- 2	10.676,16	150761304000381	16/12/2015	TANJUNG BALAI ASAHAN	150.000.000,00
58	23/12/2015	9	2015- 2	32.357,30	150321301016970	16/12/2015	MALANG	454.620.000,00



No	BI Statement				SP2D			
	Date	Item-No	Fy-Page	Debit Amount (USD)	Number	Date	KPKN	Debit Amount (Rp)
1	2	3	4	5	6	7	8	9
59	23/12/2015	10	2015- 2	32.028,47	151281301010229	16/12/2015	SUKABUMI	450.000.000,00
60	23/12/2015	11	2015- 2	10.876,16	150261303019705	16/12/2015	SEMARANG I	150.000.000,00
61	23/12/2015	13	2015- 2	10.692,90	150431301025516	17/12/2015	PALANGKARAYA	150.000.000,00
62	23/12/2015	14	2015- 3	10.692,90	150721303004450	17/12/2015	PEKALONGAN	150.000.000,00
63	23/12/2015	15	2015- 3	10.692,90	150721303004451	17/12/2015	PEKALONGAN	150.000.000,00
64	23/12/2015	16	2015- 3	10.692,90	150171303007403	17/12/2015	BANDAR LAMPUNG	150.000.000,00
65	23/12/2015	17	2015- 3	10.692,90	150581302000936	17/12/2015	PALOPO	150.000.000,00
66	23/12/2015	18	2015- 3	10.692,90	150541301013973	17/12/2015	UJUNG PANDANG I	150.000.000,00
67	23/12/2015	19	2015- 3	10.692,90	150541301013972	17/12/2015	UJUNG PANDANG I	150.000.000,00
68	23/12/2015	20	2015- 3	21.385,80	150091302002703	17/12/2015	TANJUNG FINANG	300.000.000,00
69	23/12/2015	21	2015- 4	10.692,90	150721303004452	17/12/2015	PEKALONGAN	150.000.000,00
70	23/12/2015	22	2015- 4	10.692,90	150721303004449	17/12/2015	PEKALONGAN	150.000.000,00
71	23/12/2015	23	2015- 4	10.692,90	150581302000935	17/12/2015	PALOPO	150.000.000,00
72	23/12/2015	24	2015- 4	10.692,90	150541301013955	17/12/2015	UJUNG PANDANG I	150.000.000,00
73	23/12/2015	25	2015- 4	10.692,90	150431301025515	17/12/2015	PALANGKARAYA	150.000.000,00
74	23/12/2015	26	2015- 4	10.692,90	150541301013956	17/12/2015	UJUNG PANDANG I	150.000.000,00
75	23/12/2015	28	2015- 5	10.689,85	150451301027054	18/12/2015	BANJARMASIN	150.000.000,00
76	23/12/2015	29	2015- 5	10.689,85	150451301027052	18/12/2015	BANJARMASIN	150.000.000,00
77	23/12/2015	30	2015- 5	10.689,85	150451301027053	18/12/2015	BANJARMASIN	150.000.000,00
78	23/12/2015	31	2015- 5	10.689,85	150581302000937	18/12/2015	PALOPO	150.000.000,00
79	23/12/2015	32	2015- 5	53.449,26	150201301024861	18/12/2015	SERANG	750.000.000,00
80	23/12/2015	34	2015- 5	10.812,56	150601302020048	21/12/2015	KENDARI	149.991.900,00
81	23/12/2015	35	2015- 6	3.211,51	151391301043016	21/12/2015	JAKARTA V	44.550.000,00
82	23/12/2015	36	2015- 6	43.252,60	150141303015772	21/12/2015	PALEMBANG	600.000.000,00
83	23/12/2015	38	2015- 6	11.017,26	150611301021025	22/12/2015	AMBON	150.000.000,00
84	23/12/2015	39	2015- 6	11.017,26	150611301021032	22/12/2015	AMBON	150.000.000,00
85	23/12/2015	40	2015- 6	11.017,26	150611301021024	22/12/2015	AMBON	150.000.000,00
86	23/12/2015	41	2015- 6	11.017,26	150451301027221	22/12/2015	BANJARMASIN	150.000.000,00
87	23/12/2015	42	2015- 7	11.017,26	150611301021026	22/12/2015	AMBON	150.000.000,00
88	23/12/2015	44	2015- 7	10.969,79	150601302020335	23/12/2015	KENDARI	149.671.800,00
89	23/12/2015	45	2015- 7	10.991,78	150601302020333	23/12/2015	KENDARI	149.971.800,00
90	23/12/2015	46	2015- 7	9.361,08	150601302020437	23/12/2015	KENDARI	127.722.600,00
91	23/12/2015	47	2015- 7	10.858,99	150601302020332	23/12/2015	KENDARI	149.524.500,00
92	23/12/2015	48	2015- 7	10.969,06	150601302020334	23/12/2015	KENDARI	149.661.900,00
93	31/12/2015	1	2015- 1	10.997,87	151431301005081	28/12/2015	KUALA TUNGKAL	150.000.000,00
94	31/12/2015	2	2015- 1	10.997,87	150451301027562	28/12/2015	BANJARMASIN	150.000.000,00
95	31/12/2015	3	2015- 1	10.997,87	151431302000074	28/12/2015	KUALA TUNGKAL	150.000.000,00
96	31/12/2015	4	2015- 1	15.463,01	151391301044782	28/12/2015	JAKARTA V	210.900.000,00
97	31/12/2015	5	2015- 1	10.997,87	151431301005073	28/12/2015	KUALA TUNGKAL	150.000.000,00
98	31/12/2015	7	2015- 2	10.981,98	150601302020709	29/12/2015	KENDARI	149.991.900,00
99	31/12/2015	8	2015- 2	10.947,76	150601302020702	29/12/2015	KENDARI	149.524.500,00
100	31/12/2015	9	2015- 2	9.351,49	150601302020775	29/12/2015	KENDARI	127.722.600,00
101	31/12/2015	10	2015- 2	10.980,51	150601302020704	29/12/2015	KENDARI	149.971.800,00
102	31/12/2015	11	2015- 2	10.982,57	150581302001060	29/12/2015	PALOPO	150.000.000,00
103	31/12/2015	13	2015- 2	10.849,78	150601302020870	30/12/2015	KENDARI	149.661.900,00
104	31/12/2015	14	2015- 3	10.850,50	150601302020871	30/12/2015	KENDARI	149.671.800,00
	Jumlah			1.430.683,27				19.954.473.700,00

3. FISSA-3

Table 1.6 FISSA-3 (Detail of Applications for Replenishment Claimed During the Year Period from July 01,2015 to December 31, 2015)

Category	Replenishment Claimed						Withdrawal Authorized On		Amount Paid to SP. ACC	Recovery	Amount of Reduction
	Summary Sheet		SOE		Total		No	Date	USD	USD	USD
	Rp	USD	Rp	USD	Rp	USD					
1	2	3	4	5	6	7	8	9	10	11	12
1. Civil Works	0,00	0,00	15.681.384.300,00	1.142.282,58	15.681.384.300,00	1.142.282,58					
2. Workshop and Training	0,00	0,00	893.668.519,00	65.413,49	893.668.519,00	65.413,49					
Sub Total	0,00	0,00	16.575.052.819,00	1.207.696,07	16.575.052.819,00	1.207.696,07	2	15-01-2016		1.207.696,07	
Grand Total	0,00	0,00	16.575.052.819,00	1.207.696,07	16.575.052.819,00	1.207.696,07				1.207.696,07	



## NOTES TO THE FINANCIAL STATEMENTS

### 1. General Overview

#### 1.1. General Information

The development of residences and settlements in urban area has to do with the rapid rate of population growth in urban area, both due to the growth factor of urban population and due to urbanization factor. In line with said growth of population in urban area, the need for residential environment's facility and infrastructure provision grows accordingly, both through upgrading and construction activity of new facilities and infrastructure. However, the fulfillment of need for settlement facilities and infrastructure, both from the aspects of residential and affordable and livable settlement areas could not be supplied in full, both by the government and the people, so the carrying capacity of settlements' facilities and infrastructure started suffering a decrease which in turn shall contribute to the formation of a slum settlement area.

Indonesia as one of the countries having the highest urbanization rate in Asia has been faced by the problem of slum settlement areas the quantity of which grows significantly. Based on data of the National Social Economic Survey by the Central Board of Statistics (Susenas BPS), the proportion of slum households in urban area had decreased by 8,18% from 20,75% in 1993 to become 12,57% in 2011. This indicates that the average rate of decreased urban slum households' proportion is 0,50% per year. Without a significant breakthrough, the effort to realize a slum-free town in 2020 will be hard to achieve.

In respect of the above, the government through the Ministry of Public Works and Housing supported by APBN fund, has conducted various slum settlement handling activities, as an effort to overcome urban problems such as the decreased capability and carrying capacity of settlement areas, the degraded quality of residential environment, the high rate of poverty, and the underdeveloped of urban functions.

Due to the limited APBN fund and in the context of supporting the effort to realize free of slum cities in 2020, the Directorate General of Human Settlements, the Ministry of Public Works and Housing has prepared Neighborhood Upgrading and Shelter Project Phase-2 (NUSP-2) by using loan fund from Asian Development Bank (ADB). NUSP-2 program constitutes a development from Neighborhood Upgrading and Shelter Sector Project (NUSP) that had been performed in 2005-2010 in 32 regencies/municipalities.

According to the regional autonomic spirit and in the context of implementing Law number 1 of 2011, the government in conducting the nurturing on regional governments has the authority of among others facilitating the upgrading of slum residences' and slum settlements' quality. Therefore, through NUSP-2 program regency/municipality governments will be facilitated in the preparation process of action and plan and accompaniment in the implementation of handling activity on slum residence and slum settlement areas

in regions.

## **1.2. Objective**

The objective of NUSP-2 activity organization is to upgrading the quality of residences, facilities and infrastructure functions as well as public utilities at slum settlement areas through partnership between the government, the people, and private sector independently and sustainably as well as siding with the need of poor people in urban area.

In particular, the objective of NUSP-2 implementation is:

1. To upgrade the capacity of stakeholders including the target people group in the context of quality upgrading at urban slum settlement areas;
2. To upgrade the quality of slum residential environment through the provision of basic facilities and infrastructure, as well as adequate and integrated public utilities in the context of supporting the effort to realize cities with no slum settlements; and
3. To improve the accessibility of people living at slum settlements, in particular people of low income to a decent and affordable residence through New Sites Development/NSD

## **1.3. The Organizational Structure of NUSP-2 Implementation**

The organization of NUSP-2 program involves various executing components and related instances from village, regency, provincial up to central government levels.

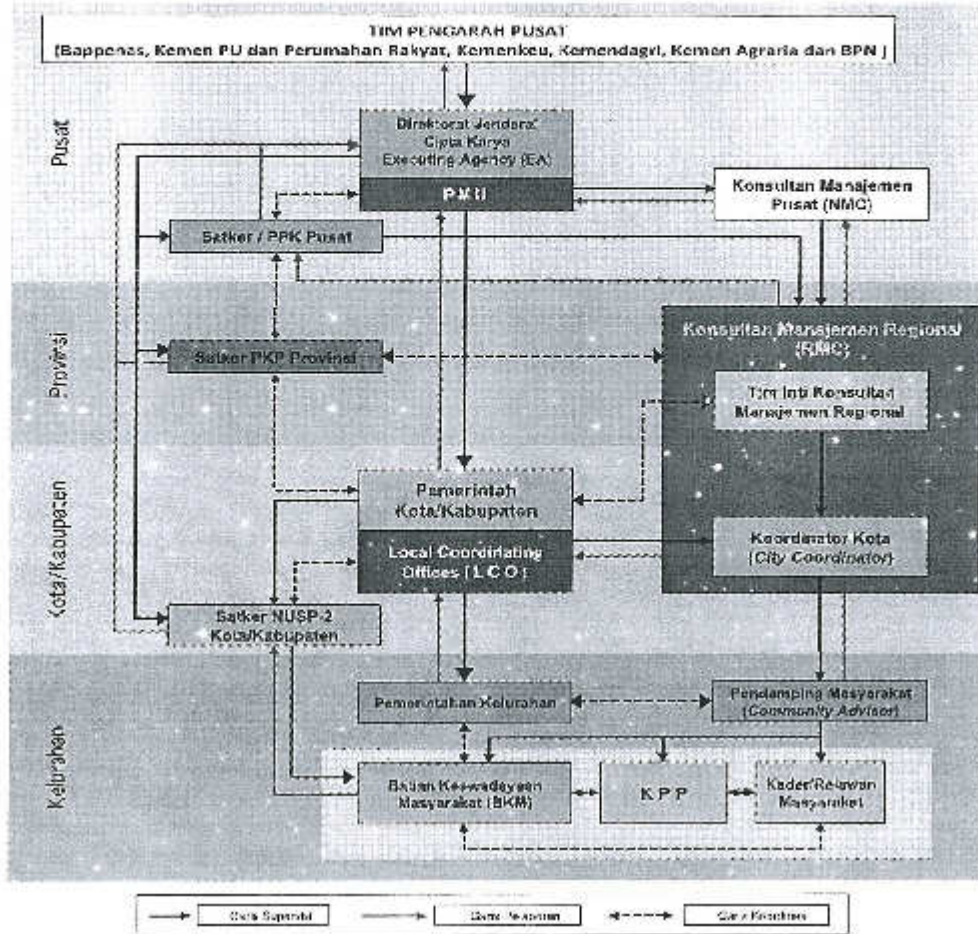
### **A. The management Organization of Central Level**

The institution of NUSP-2 program organizers at central level consists of:

1. Central Level Working Unit (Satker);
2. Project Management Unit (PMU); and
3. Executing Agency (EA).



Figure 1.1 the Organizational Structure of NUSP-2 Activity Management



### 1) Central Level Satker/Central Steering Team

Central Steering Team is the Steering team of Housing and settlement areas development formed through the Decree of the Minister of Development Planning/Head of Bappenas Number 81/M.PPN/IIK/08/2011. The steering team is chaired by Deputy Facilities and infrastructure sector of Bappenas and as the secretary is the Director General of Human Settlements, the Ministry of Public Works and Housing. Members of Steering team consist of elements from Bappenas, the Ministry of Public Works and Housing, the Ministry of Finance, the Ministry of Public Housing, and the National Land Agency. The steering team has the roles and functions as follows:

- a. To give the bases of program policy, strategy, planning, coordination, control, and the establishment of housing and settlement areas constructing implementation;
- b. To conduct the synchronization of slum settlements' quality upgrading activity with other programs in the effort to improve the effectiveness of comprehensive slum settlements handling;

- c. To give directions in the effort of target achievement acceleration and Millenium Development Goals (MDGs)'s target of Settlement sector on Objective 7 Target 7D: 'Achieving a significant improvement in poor people's life in slum settlements in 2020';
- d. To give a ground for development policy and direction on the implementation of housing and settlement areas construction by domestic and overseas funding sources; and
- e. To give inputs to the Director General of Human Settlements in the context of perfecting program implementation.

## 2) Project Management Unit (PMU)

PMU is formed by Ditjen of Human Settlements to implement daily tasks of Executing Agency (EA) in the context of coordinating all of NUSP-2 program organizing activities including the preparation of general guidance and technical instructions, as well as controlling on project activity phases. MU's basic duties and functions as follows:

- a. To perform EA's basic duties;
- b. To implement coordination with related instances, both vertically and horizontally;
- c. To do the socialization and dissemination of program at central level and coordinate the implementation of program socialization and dissemination at province level and at regency/municipality level;
- d. To give inputs to central steering team and EA concerning any required follow-up, including the procurement process at central level and at provinces/regencies/municipalities;
- e. To implement the management of administration, finance, and program organization as well as control on the quality of program implementation at province, regency/municipality and people levels;
- f. To control the schedule of program implementation as a whole and the schedule of yearly activities;
- g. To carry out operational duty in the planning, implementation, monitoring, control, and evaluation on program by referring to the Program Implementing instructions;
- h. To identify and facilitate the troubleshooting both of administrative and program nature to overcome any constraint that emerges in the implementation of program;
- i. To assist in preparing the procurement process of goods and services, including to prepare the Terms of Reference and the obtainment of No Objection Letter (NOL) letter of approval from ADB;
- j. To review the quality and completeness of document that needs prior review by ADB as well as giving technical assistance to Central Satker and LCO in procurement process of post review nature;



- k. To facilitate the opening of impress account for the channeling of project's fund;
- l. To collect copies of Fund disbursement Order (SP2D) from all contractors of NUSP-2 budget for the need of withdrawal application (WA) submission;
- m. To submit the application for replenishment in impress account by paying attention to consolidation report from Satker;
- n. To prepare Financial Statement for Special Account (FISSA), Quarterly Progress Report (QR), Annual Report (AR), and annual financial statement for the purpose of project auditing as well as reporting it to ADB;
- o. To consolidate report on the overall program organization (physical and financial aspects);
- p. To submit a routinely progress reports on the implementation of activity to EA, Central steering Team, and ADB;
- q. To prepare the planning of annual activity budget so that the coordination of program activity implementation can run well;
- r. To do the nurturing and control on program organization from central level up to regency/municipality level;
- s. To do monitoring and program evaluation activity;
- t. To make sure the implementation of NUSP-2 according to the General guidance, Program implementation guidance, and technical guidance on activity implementation;
- u. To facilitate the implementation of program organization audit;
- v. To control the duties of National Management Consultant/NMC dan Regional Management Consultant/RMC;
- w. To record, monitor, and document any procurement handled by People's Complaint unit (UPM) of LCO;
- x. To take follow-up effort on the handling of complaints by doing the clarification and verification against any complaint unable to handle by UPM of LCO by dispatching Special working team; and
- y. To prepare Project Completion Report (PCR) and final financial statement to ADB.

### 3) Executing Agency (EA)

Directorate general of Human Settlements at the Ministry of Public Works and Housing is EA in NUSP-2 program responsible for the overall implementation of project activities, with the duties and functions as follows:

- a. To stipulate program implementation policy;
- b. To stipulate system and guidance on the arrangement, nurturing, and

control on program implementation;

- c. To form PMU;
- d. To prepare program and planning of budget as well as annual activity plan;
- e. To conduct periodic supervision, monitoring, and evaluation on the implementation of NUSP-2 activity; and
- f. To report the organization of NUSP-2 activities to Central Steering team and ADB.

#### 4) Central Satker of NUSP-2

To assist PMU in performing its administrative duties and functions, at central level it is formed a Satker appointed and assigned by the Minister of Public Works and Housing, with the basic duties and functions as follows:

- a. Coordinating with PMU in managing the program activities at central level;
- b. Doing the disbursement and management of project fund at central level;
- c. Handling the procurement process of NMC and RMC;
- d. Giving directions to NMC and RMC in respect of program activity management;
- e. Collecting reports of Satker's activity implementation at regency/municipality level including SP2D collection;
- f. Assisting PMU in the implementation of program monitoring and evaluation;
- g. Collecting reports from NMC and RMC;
- h. Preparing reports by Instance accounting system (SAI) and e-Monitoring;
- i. Preparing and submitting reports arranged in Activity Operation instructions (POK); and
- j. Doing periodic evaluations on NMC team and RMC team performance in respect of administrative aspect and substantiation of works according to TOR and consulting contract.

#### B. Management Organization at Provincial Level

The management organization of this activity is domiciled at provinces and in the implementation of NUSP-2 activities, the Provincial Public Works service through Satker of Settlement areas development (Satker PKP) is responsible for implementing the technical monitoring and supervision on regional government being in its duty area. The detailed duties and functions of Provincial Satker PKP are:

- a. Coordinating the implementation of NUSP-2 activities with other activities conducted in its duty area;
- b. Assisting Satker NUSP-2 in the implementation of infrastructure construction at regional scale;
- c. Providing technical supervision to regional government against the implementation of slum settlement quality upgrading conducted in its duty area;
- d. Doing the monitoring on NUSP-2 activity implementation and regional management consulting works of NUSP-2 being assigned in its duty area;
- e. Reporting the monitoring results to the Director General of Human Settlements c.q. PMU of NUSP-2 in each end of month; and
- f. If necessary, together with LCO of regency/municipality assisting in solving any problem that arises due to the implementation of NUSP-2 activity.

### **C. Management Organization at Regency/ Municipality Level**

#### **1) Regency/Municipality Government**

Regency/Municipality government in this matter Regent/Mayor as the person-in-charge for program/ activity implementation in regency/ municipality, has the duty of coordinating the organization of all phases of NUSP-2 program activity in its duty area.

Duties of Regent/Mayor in the organization of NUSP-2 activities are among others:

- a. Coordinating the organization of NUSP-2 program in its duty area;
- b. Nurturing and controlling the organization of NUSP-2 program in its duty area;
- c. Forming Local Coordinating Office (LCO) in NUSP-2;
- d. Appointing and submitting the proposal of Satker official to the Minister of Public Works and Housing; and
- e. Preparing the allocation of APBD accompanying fund for in-kind program and operational activity of NUSP-2 in regions.

#### **2) Local Coordinating Office (LCO)**

LCO is the managing institution of NUSP-2 program formed within the Regional Development Planning agency (Bappeda) or Public works service of Human Settlements sector in regency/municipality stipulated by the Decision letter of Regent/Mayor. LCO's duties are among others:

- a. Doing the socialization of program at regency/municipality level and at kelurahan level, as well as distributing General guidance and technical guidance of NUSP-2 up to kelurahan level;



- b. Doing the verification on project site proposal and submitting the recommendation of results to Regent/Mayor to be stipulated;
- c. Submitting the proposal of NUSP-2 project target site to PMU;
- d. Guaranteeing that the implementation of NUSP-2 is located at the right site and according to the agreed criteria of selection;
- e. Facilitating the formation of Working group (Pokja) of NUSP-2, consisting of the elements of related Regional apparatus working unit (SKPD), academicians, leading figures, and Non Governmental organization (LSM) going to implement the preparation of Slum Improvement Action Plan/SIAP at regency/ municipality level;
- f. Facilitating Pokja of NUSP-2 in the preparation process of SIAP document on participatory basis through workshop activity and Focus Group Discussion/FGD;
- g. Giving directions and facilitations on the people organizing process and the implementation of project phases at kelurahan level;
- h. Giving inputs and facilitations on the preparation activity of Neighborhood Upgrading Action Plan (NUAP) done by the people at kelurahan level;
- i. Doing the monitoring and supervision on the implementation of NUSP-2 program at regency/municipality level and kelurahan level as well as at community level;
- j. Facilitating the synchronization and consolidation activity on slum handling activity planning at city level with the activity planning at kelurahan level, as well as stipulating the allocation of project funding;
- k. Submitting proposal on the plan of urban slum handling activity to PMU to be funded by NUSP-2 program;
- l. Socializing SIAP and NUAP documents that have been prepared on participatory basis to related SKPD at regency/municipality;
- m. Doing the verification process on the proposal of community activity plan (RKM) prepared and submitted by community self-reliance institution (BKM/LKM) to be financed by NUSP-2 program;
- n. Giving inputs and information to RMC, NMC, and PMU for the improvement of NUSP-2 implementation in its area;
- o. Encouraging the formation of BKM/LKM communication forum at regency/municipality level;
- p. Guaranteeing information openness in the program implementation;
- q. Coordinating the monitoring and reporting activity at at regency/municipality level and target Kelurahan;
- r. Conducting the management and follow-up of community complaints at regency/ municipality level and report it to PMU;

- s. Doing evaluations on City Coordinator/CC and Community Advisors/CA performance in facilitating and accompanying the implementation of project activities at regency/ municipality level and at kelurahan level; and
- 1. Submitting financial progress report and physical organization of NUSP-2 activities to PMU.

### 3) **Satker NUSP-2 of Regency/ Municipality**

Satker NUSP-2 of regency/ municipality is domiciled in regency/municipality, responsible for all administrative and bookkeeping organization of NUSP-2 activity financing at regency/ municipality and at kelurahan level. Satker NUSP-2 of regency/ municipality has duties and functions that pertain to the financial administration of NUSP-2 activities as follows:

- a. Assisting LCO in the implementation of NUSP-2 program at regency/municipality level and at kelurahan level;
- b. Responsible for administrative smoothness and financial management in the implementation of NUSP-2 at regency/municipality level and at kelurahan/community level;
- c. Doing the disbursement and management of NUSP-2 fund at regency/municipality level;
- d. Preparing consolidation report on the utilization of project fund including report on the disbursement of BLM fund and SP2D documentation to be submitted by LCO to PMU;
- e. Conducting the supervision and monitoring as well as reporting on the progress of physical work implementation conducted by BKM/LKM;
- f. Reporting the results of project activity control to LCO;
- g. Preparing SAI and F-Monitoring report;
- h. Coordinating with CC and CA;
- i. Assisting in solving any problem that arises on field;
- j. Providing the nurturing to BKM/LKM in respect of BLM fund management; and
- k. Doing the infrastructure quality check and processing the handover of physical work outcome from BKM/LKM.

## **D. Management Organization at Kelurahan and Community Level**

### **1) Kelurahan Administration**

The management of NUSP-2 activities implementation at kelurahan level involves lurah (village chief) and kelurahan administration as the manager and person-in-charge of governance administration at kelurahan level. Lurah along with the kelurahan



apparatus have the roles and functions to give legality support and guarantee on the smoothness of NUSP-2 activities organization at kelurahan level with duties as follows:

- a. Coordinating the organization of program and socialization of NUSP-2 activity phases at kelurahan level and RW/RT level;
- b. Ensuring community readiness for the implementation of NUSP-2 proved by the submission of a letter of interest to perform NUSP-2 program on participatory basis signed by village chief and submitted to LCO;
- c. Facilitating the community organizing activity and people empowerment process at kelurahan level and at RW/RT level;
- d. Ensuring the involvement of female, susceptible or marginal groups, as well as poor people in each phase of project activity;
- e. Facilitating the formation process or the enhancement of local community self-reliance institution's capacity in democratic and participative manner through community deliberation forum of Kelurahan level;
- f. Encouraging the participation of all people and assisting in facilitating NUAP preparation process in participative, transparent, and accountable manner;
- g. Synergizing the development activities running in its area in the context of improving the efficiency and effectiveness of activities as well as minimizing the risk and negative impact that might arise;
- h. Doing the monitoring and supervision on project activities conducted by the people;
- i. Facilitating the handover process of infrastructure built by the people and passing on its management to the community through Users and Operators Groups (KPP); and
- j. Nurturing the utilization and maintenance of infrastructure by the people as well as participating in keeping its continuity.

## 2) Community Self-Reliance Organization (BKM/LKM)

Community Self-Reliance Organization or Community Implementing Organization (CIO) constitutes a self-reliance organization elected and formed by the community to implement NUSP-2 activity phases at kelurahan level with 20% of its managing committee are female and 40% of its members are female.

Community Implementing Organization for the implementation of NUSP-2 activities may employ the existing community self-reliance institutions at Kelurahan level such as BKM/LKM or form a new community self-reliance institution. BKM/LKM's roles and responsibilities in NUSP-2 implementation are:



- a. Doing socialization and dissemination of information on NUSP-2 program continuously at people level;
- b. Identifying any issue on residential environment's facility and infrastructure including the causing factor of slumness at kelurahan level;
- c. Organizing community deliberation at kelurahan level and female specific discussion;
- d. Guaranteeing and facilitating the involvement of female, susceptible/marginal groups, and poor people in each phase of project activity;
- e. Preparing environmental Improvement Action Plan of NUAP on participative basis based on the aspiration and need of local people;
- f. Submitting NUAP proposal to LCO for verification and consolidation with SIAP proposal at city level;
- g. Preparing RKM document according to NUAP verification results and preparing the required supporting documents (people's statement letter of readiness and contribution, BKM account etc);
- h. Forming Infrastructure construction implementing team and KPP of the facilities and infrastructure to build;
- i. Preparing technical design and project cost fiscal plan by involving TPPI and KPP;
- j. Giving periodical information openly on the plan and report of NUSP-2 activity implementation at kelurahan/village level to the people;
- k. Holding coordination meeting on the implementation of NUSP-2 activities with other implementing institutions at kelurahan level;
- l. Doing the management and follow-up on people's complaints at kelurahan level;
- m. Preparing the progress report on infrastructure construction implementation completed with photographs of 0%, 50%, and 100% physical condition;
- n. Preparing the accountability report of infrastructure construction fund to be submitted to LCO and accounted for to the people; and
- o. Doing the handover of physical work outcome and conducting the nurturing on KPP in managing the infrastructure built.

### 3) Users and Operators Groups (KPP)

KPP infrastructure is a group of people formed by BKM/LKM at the project site having its members from the concerned people's representatives as users and operators of infrastructure built by the people. KPP is formed for the continuing functions of the infrastructure built including its development effort as people's need. At least 30% of

total numbers of KPP members are female.

KPP duties and functions are:

- a. Being involved actively in the planning and construction process of infrastructure in its area;
- b. Escorting the technical planning process and the preparation of RAB to ensure its suitability with SKS results and people's need;
- c. Coordinating with TPPI and BKM/LKM in relation to the financing plan of infrastructure operation and maintenance activities;
- d. Assisting BKM/LKM in supervising the implementation of infrastructure construction;
- e. Performing the operation and maintenance plan covering the mechanism of infrastructure operation and maintenance implementation as well as its funding according to NUAP and RKM;
- f. Preparing the 'rule of the game' and procedure of utilizing and maintaining the infrastructure that has been built;
- g. Preparing the amount of contribution from the people and its utilization;
- h. Giving information openly to the people in respect of the utilization and management of infrastructure maintenance fund;
- i. Encouraging and driving the people's participation and independency in utilizing and maintaining infrastructure; and
- j. Developing the results of infrastructure construction activity that has been performed.

#### **E. Management Consultant of NUSP-2**

The organization of NUSP-2 project is supported by consulting teams who provide management, technical and empowering accompaniment at central level, regency/municipality level up to kelurahan level. Management consultant of NUSP-2 consists of NMC and RMC.

##### **1) National Management Consultant (NMC)**

NMC has the duty of providing management and technical support to PMU and the Directorate of Settlement development in the management and control of NUSP-2 activity so that the implementation of program conforms to the defined objectives and targets and meets the success criteria and indicators of program implementation.

NMC team consists of a number of experts as follows.

- a. Team Leader/Urban Development Specialist;
- b. Financial Management Specialist selaku Co Team Leader;
- c. Urban Housing Specialist;
- d. Infrastructure/M&E Specialist;

- e. Safeguards (Environmental) Specialist;
- f. Safeguards (Resettlement)/Gender Specialist;
- g. Urban Planners;
- h. Communication/Community Development Specialists;
- i. Procurement/Contract Specialist;
- j. Management Information Specialist; and
- k. Training Specialist.

NMC is responsible for reporting all of its activities to PMU with the duties and responsibilities are among others:

- a. Providing technical and management support to PMU in the management and control of all project activity phases;
- b. Guaranteeing the conformance between time achievement and the defined target of project implementation;
- c. Ensuring that the project implementation is able to meet the defined target of performance indicators;
- d. Ensuring the understanding on project design and an optimal performance of regional management consulting team (RMC) assigned in regions;
- e. Doing the finalization on technical document of project implementation including technical guidance and the procedure of project implementation;
- f. Doing the dissemination of all project guidance and technical documents to related parties;
- g. Developing the concept, strategy, and module of training covering gender equity aspect in project activity;
- h. Conducting monitoring and evaluation activities on the implementation of training activity through site visit, interview and data collection;
- i. Collecting baseline data, benchmark, and report of survey, as well as ensuring that the project's data have been analyzed and included in tri-monthly report and annual report of project;
- j. Guaranteeing the fulfillment of target gender equity indicators according to Gender Action Plan (GAP);
- k. Monitoring the social, environmental, and economic impact of project implementation, including the provision of data and information on environmental baseline, as well as the reporting on project's initial impact assessment;
- l. Developing the project's website and doing a weekly data update on the progress status of project implementation;



- m. Preparing all project financial statements according to the defined procedure, preparing the compilation and summary of payment application, fund disbursement, as well as absorption status in connection to the allocation of project's loan fund;
- n. Preparing documentation on the disbursement and absorption status of BLM fund;
- o. Monitoring and updating the schedule of project implementation plan;
- p. Preparing project pre-audit financial statement;
- q. Formulating the mechanism of people's complaints handling and monitoring the follow-up of trouble handling;
- r. Giving contribution as sources in various training activities; and
- s. Doing feasibility test on the social security aspect and land acquisition plan and/or resettlement plan by referring to the Resettlement framework including monitoring its implementation.

**2) Regional Management Consultant (RMC)**

In addition to NMC, PMU in organizing NUSP-2 project will also be assisted by 3 (three) RMC teams having their offices at regional level, i.e. western, central and eastern regions which are responsible for the provision of technical assistance and the accompaniment facilitation at all phases of project activity to the regency/municipality governments and the people.

RMC team consists of some experts assigned at regional level up to kelurahan and community level, which consist of:

- a. Team Leader/Urban Development Specialist;
- b. Infrastructure/Monitoring & Evaluation Specialist/Co TL;
- c. Urban Housing Specialist;
- d. Procurement/Contract Specialist;
- e. Safeguards (Environmental) Specialist;
- f. Safeguards/Gender Specialist;
- g. Supervision Engineers;
- h. Community Development Specialist;
- i. Training Specialist;
- j. City Coordinators/CC(City coordinator); and
- k. Community Advisors/CA (people's accompanying team).

RMC Team's duties and responsibilities in assisting regency/municipality governments and LCO are among others as follows:

- a. Assisting LCO in socializing NUSP-2 program to stakeholders at regency/municipality level and at kelurahan level;
- b. Providing technical assistance and accompaniment to City coordinator and people's accompanying team/CA;
- c. Monitoring and evaluating CC and CA performance;
- d. Assisting CC and CA in building the community awareness and understanding on the program approach and requirements;
- e. Assisting CC and CA in facilitating the people and identifying any issue and requirement of infrastructure construction, evaluating the capacity of people's institutions, developing the planning mechanism, and decision making process on participative basis at community level;
- f. Ensuring that the facilitation activity at community level involving various requirements that pertain to the upgrading of gender equity that is inline with GAP;
- g. Assisting CA in developing the people's institutional capacity as well as ensuring that the institutional capacity development activity also improves gender equity that is inline with GAP;
- h. Assisting people in the development of NUAP and consolidating as well as integrating it into the program investment plan at city level to be financed through NUSP-2 loan fund;
- i. Facilitating deliberation at city level for integration and consolidation process of program proposal at community level with the investment plan at city level;
- j. Ensuring that the good corporate governance runs well in the distribution process of BLM fund to the target community groups;
- k. Assisting the community in preparing a sustainable operation and maintenance implementation plan on the infrastructure built;
- l. Ensuring that all project activities have met ADB requirement in respect of safeguard activity at social and environmental aspects as well as in conformance to the technical guidance of project implementation;
- m. Monitoring the implementation of project activity phases (including activities present in GAP) and preparing it in the tri-monthly and annual reports;
- n. Formulating and implementing the complaints handling activity;
- o. Assisting LCO and Satker of regency/municipality in managing the project management covering physical and financial progress, as well as the distribution of BLM fund;
- p. Guaranteeing the application of Quality Assurance at each phase of project activity;

- q. Doing the supervision and monitoring on program implementation by providing program technical and management support at regency/municipality level;
- r. Coordinating and communicating with PMU, Central Satker, NMC, LCO, and Satker of regency/municipality in the organization of program;
- s. Doing the documentation at each phase of implementation (socialization, preparation, planning, physical implementation, and maintenance); and
- t. Preparing monthly report, tri-monthly and annual report on project progress, as well as reporting it to LCO and PMU through Central Satker.

### 3) City Coordinator

City Coordinators are RMC experts assigned at each regency/municipality to support and facilitate the capacity enhancement effort for regional project managing institutions (LCO and Satker of regency/municipality) in project planning and implementation, both at regency/municipality level and at kelurahan and community level. City coordinators are directly responsible for the quality control of project implementation in regions and reporting it to LCO and RMC.

City Coordinators have the basic roles and duties as follows:

- a. Assisting the implementation of LCO duties in the organization of NUSP-2 at regency/ municipality level and at kelurahan level;
- b. Doing the management functions and the organization of NUSP-2 activity implementation at regency/municipality level;
- c. Accompanying and facilitating regional governments in the verification process on slum target locations;
- d. Encouraging regional governments in allocating accompanying fund in the implementation of NUSP-2 program each year;
- e. Preparing and coordinating the implementation of NUSP-2 socialization and dissemination at regency/municipality level;
- f. Conducting the training on people's capacity upgrading in the implementation of NUSP-2 at regency/municipality level;
- g. Providing On the Job Training to CA in each phase of NUSP- 2;
- h. Doing the monitoring, control, and sampling test as well as gender audit to ensure the aspect of social, environmental protection, quality assurance, gender, people's participation and program dissemination and monitoring (loan covenant);
- i. Being responsible for inputting MIS data on the progress of NUSP-2 implementation in regencies/municipalities at each phase;
- j. Doing the control and evaluation on CA performance in performing



their duties and obligations;

- k. Assisting LCO in managing the people's complaints as well as doing the follow-up and reporting the results;
- l. Preparing monthly report on the implementation of NUSP-2 program activities at regency/municipality level, including Financial Management Report (LMK) and Program Management Report (LMP);
- m. Gathering the documents of BLM fund disbursement covering SP2D, SPM, SP3, BA, summary of contracts, and receipts;
- n. Providing technical support in the planning process of activities at village/urban village level;
- o. Doing the verification on disbursement documents to make them in compliance with the defined requirements;
- p. Doing the evaluation on NUSP-2 implementation at regency/municipality level; and
- q. Doing the enhancement to BKM/LKM in connection to the preparation of operation and maintenance plan as well as program continuity.

#### 4) Community Advisor

The implementation of NUSP-2 program at kelurahan level and at community level will be facilitated by CA having the role as community advisors. Each of CA will handle two to three urban villages according to the requirement and site's geographical condition. CA are recruited by RMC and at least 40% of its composition are female with assignment period that matches the program requirement.

CA has basic duties and functions as follows:

- a. Doing periodic coordination with District government in connection to the implementation of NUSP-2 activities;
- b. Doing intensive coordination with Kelurahan administration in connection to the implementation of NUSP-2 activities in kelurahan;
- c. Doing intensive coordination with RT/RW in connection to the implementation of NUSP-2 activities at the relevant areas;
- d. Disseminating information on the substance of NUSP-2 program through various media to the people in its duty area;
- e. Encouraging active participation and people's involvement including female and poor people groups in all phases of NUSP-2 activities;
- f. Facilitating meetings and deliberations with the people to identify and discuss troubles and solutions on houses and environment where they live at;
- g. Building the motivation and spirit to make improvement on their

- houses and residential environment;
- h. Socializing the standard and requirement of livable, healthy, and harmonious housing and settlement;
  - i. Doing the revitalization/enhancement to local community institutions that have been trusted as BKM/LKM;
  - j. Encouraging, facilitating, and doing the community advising in the decision making process on democratic, transparent, and accountable basis;
  - k. Encouraging the people's participation and involvement in the planning and supervision on NUSP-2 activities implementation;
  - l. Together with BKM facilitating the formation of survey teams to conduct Own Kampong Survey (SKS);
  - m. Providing On The Job Training (OJT) to SKS team to empower them in doing the own kampong survey;
  - n. Accompanying and facilitating the community in conducting SKS in the kelurahan of their assignment site;
  - o. Facilitating and accompanying the community and target groups in preparing NUAP;
  - p. Providing the training to KPP through OJT in the context of building motivation (motivation achievement training) and people's critical awareness to maintain the continuity of infrastructure in their area;
  - q. Providing the training for upgrading community's capacity in the context of performing the organization management, activity management, and financial management;
  - r. Doing a continuous accompaniment to upgrade BKM/LKM capacity including the enhancement to institutional management, accessibility, and channelling to key resources in the context of sustaining the infrastructure built;
  - s. Encouraging BKM/LKM to fight for the allocation of operation and maintenance fund for the infrastructure built from APBD through Development Planning Deliberation (Musrenbang) mechanism; and
  - t. Facilitating the community in developing a conducive climate for the application and development of values and principles.

#### 1.4. Profile of Loan

Name of Project	:	Neighborhood Upgrading and Shelter Project Phase 2
Number of Loan	:	Loan 3122-INO
Loan signing	:	April 23, 2014
Loan Effective date	:	July 17, 2014

Loan closing date	:	June 30, 2018
Implementation Period	:	2015 to 2017
Implementing Agency	:	Directorate General of Human Settlements
Total cost of Project	:	USD 102 millions
The division of civil works portion	:	ADB USD 74,4 millions (73%)
	:	APBN USD 6,4 millions (6%)
	:	APBD USD 15,2 millions (15%)
	:	Self-help USD 6,0 millions (6%)
Area coverage	:	20 regencies/municipalities in 16 Provinces

## 2. Accounting policy

The accounting policy underlying the preparation of Consolidated Financial Statements covers among others:

1. Bookkeeping on revenue and expenditures done on cash basis principle during the occurrence which constitutes the comprehensive accounting basis in addition that commonly applicable;
2. Accounting period conforms to the fiscal year used by the government of the Republic of Indonesia. i.e. starting on January 1 to December 31;
3. The preparation of Financial Statement refers to the regulation of the Minister of Public Works number 02/PRT/M/2006 dated February 20, 2006 concerning Implementing Guidelines on the Bookkeeping and Preparation of Financial Statements within the Ministry of Public Works and the Regulation of the Minister of Public Works number 09/PRT/M/2009 concerning Reporting system within the Public Works;
4. Financing that comes from the fund the government of the Republic of Indonesia (safeguarding) is booked according to the Payment order (SPM) issued in 2015 Fiscal year;
5. The treatment on revenue and expenditures bookkeeping is done on cash basis during the occurrence; and
6. The currency used is Rupiah.

## 3. Elucidation on the Financial Statements

### 1) Receipt

Receipt of NUSP-2 activities in 2015 fiscal year financed from ABD Loan 3122-INO was budgeted at Rp71,048,057,000.00 with allocation as follows:

- a) Fund for category 1 activity i.e. Works was Rp44,500,000,000.00;



- b) Fund for category 2 activity i.e Workshop and Training was Rp2,950,640,000.00; and
- c) Fund for category 3 activity i.e Consulting Service was Rp23,597,417,000.00.

## 2) Expenditure

Total realization of NUSP-2 activity budget in 2015 Fiscal year was Rp51,196,953,910.00 or 72% of Loan 3122-INO budget or equivalent to USD3,673,990.33 for all categories with the breakdown as follows:

### a) Category 1

Total expenditures for category 1 with the realization of Rp35,830,408,000.00 or equivalent to USD2,554,291.33

**Table 1.7 Realization of Category 1 from Loan 3122-INO**

No	Regency/municipality	DIP/realizing (Rp)	Total (Rp)	Balance (Rp)	%	USD
1	2	3	4	5=3-4	6	7
1	Makassar	3.000.000.000,00	2.700.000.000,00	300.000.000,00	90%	198.529,00
2	Balam	1.000.000.000,00	1.000.000.000,00	0,00	100%	73.529,00
3	Palembang	2.000.000.000,00	2.000.000.000,00	0,00	100%	147.059,00
4	Semarang	2.500.000.000,00	1.000.000.000,00	1.500.000.000,00	40%	73.529,00
5	Bandar Lampung	3.500.000.000,00	2.893.193.000,00	606.807.000,00	83%	212.735,00
6	Palangiaraya	1.000.000.000,00	1.000.000.000,00	0,00	100%	73.529,00
7	Pukajangan	2.500.000.000,00	2.350.000.000,00	150.000.000,00	94%	172.794,00
8	Ambon	1.000.000.000,00	1.000.000.000,00	0,00	100%	73.529,00
9	Bengkulu	1.500.000.000,00	1.500.000.000,00	0,00	100%	110.294,00
10	Banjarmasih	2.000.000.000,00	2.000.000.000,00	0,00	100%	147.059,00
11	Fakpa	1.500.000.000,00	1.500.000.000,00	0,00	100%	110.294,00
12	Bima	3.000.000.000,00	0,00	3.000.000.000,00	0%	0,00
13	Kapuas	3.000.000.000,00	1.000.000.000,00	2.000.000.000,00	33%	73.529,00
14	Pasuruan	2.000.000.000,00	1.515.400.000,00	484.600.000,00	76%	111.425,00
15	Bone	2.000.000.000,00	2.000.000.000,00	0,00	100%	147.059,00
16	Sukabumi	1.500.000.000,00	1.500.000.000,00	0,00	100%	110.294,00
17	Sebang	3.500.000.000,00	2.500.000.000,00	1.000.000.000,00	71%	183.624,00
18	Tanjung Jabung Barat	1.500.000.000,00	1.500.000.000,00	0,00	100%	110.294,00
19	Tanjung Balai	3.500.000.000,00	3.500.000.000,00	0,00	100%	257.353,00
20	Kendari	3.000.000.000,00	2.921.815.000,00	78.185.000,00	97%	214.629,00
	<b>Total</b>	<b>44.500.000.000,00</b>	<b>35.380.408.000,00</b>	<b>9.119.592.000,00</b>	<b>80%</b>	<b>2.901.496,00</b>

### b) Category 2

In 2015 fiscal year, total expenditures for category 2 constituting workshop and training activity was realized at Rp1,149,748,519.00 or 39% of Loan 3122-INO budget or equivalent to USD84.088,01 with the breakdown as follows.

**Table 1.8 Realization of category 2 from Loan 3122-INO**

No	Description of activity	Organizer	Payment			
			WA No	SP2D date	value	
					Rp	USD
1	2	3	4	5	6	7
1	Duty Trip	PKFS treasurer	0002	17/09/15	241.533.062,00	17.893,55
2	Material For Training	CVARYESTHA PRIMA	0002	21/09/15	23.572.841,00	1.743,42
3	Workshop Kils	CVPRINGGODANI SELATI	0002	21/09/15	37.380.909,00	2.765,40
4	Honorarium	PKFS treasurer	0002	21/09/15	18.445.000,00	1.383,09
5	Duty Trip	PKFS treasurer	0002	02/11/15	14.957.687,00	1.093,24
6	Workshop SIAP	PT LIPPO KARAWACI	0002	02/11/15	228.150.000,00	16.875,19
7	Honorarium	PKFS treasurer	0002	23/11/15	16.350.000,00	1.193,78
8	Materials	CVARYESTHA PRIMA	0002	23/11/15	5.625.000,00	410,70
9	Materials	CVADHARITHA	0002	01/12/15	47.850.000,00	3.485,36
10	Duty Trip	PKFS treasurer	0002	01/12/15	6.924.000,00	455,82
11	Workshop (Batam)	PT MANUNGKAL PRIMA	0002	01/12/15	253.500.000,00	18.258,92
12	Materials	PT GADAJAYA PERKASA	0003	21/12/15	44.580.000,00	3.211,51
13	Workshop	PT GADAJAYA PERKASA	0003	29/12/15	210.900.000,00	15.463,01
Total					1.149.748.519,00	84.066,01

**e) Category 3**

For category 3, the payment mechanism applied was direct payment.

As for cumulative basis, the total realization of NUSP-2 activity from ADB 3122-INO Loan for category 3 from 2014 to December 31, 2015 was Rp14,216,797,391.00 or 60% of Loan 3122-INO or equivalent to USD1,035,610.99 with the breakdown as follows.

**Table 1.9 Realization of Category 3 from Loan 3122-INO**

No	Description of activity	Consultant	Contract value (Rp)	Payment	
				Rp	USD
1	2	3	4	5	6
1	Consulting services for national management consultants (NMC)	PT LPPS JH Konsultan / PT Tera Buana Manggala Jaya	21.201.725.350,00	2.644.335.912,00	193.214,76
2	Consulting services for regional management consultants (RMC) - West Region	PT Yodya Kaya (Persero) / PT Mitrapacific Consulting International (MCI), PT Sibabima Wira Widha Konsultan, PT Bumi Hamoni Indraguna	20.654.642.250,00	2.643.842.125,00	203.786,61
3	Consulting services for regional management consultants (RMC) - Central Region	PT Achiopla Engineering Consultant	25.701.958.050,00	4.218.988.754,00	306.411,01
4	Consulting services for regional management consultants (RMC) - East Region	PT Widya Graha Acaara / PT Innerindo Dinamika, PT Anisecor Berlian Sejahtera	20.744.830.500,00	4.503.630.600,00	330.199,61
Total			88.602.056.050,00	14.216.797.391,00	1.035.610,99

Based on the above table, the realization for category 3 which consisted of NMC, RMC West Region, RMC Central Region, and RMC East Regional consultants of NUSP-2 program for 2015 was Rp14,216,797,391.00 or 60% of total Loan 3122-INO budget or equivalent to USD1,055,610.99.

#### **A. FINANCIAL STATEMENT OF SPECIAL ACCOUNT (FISSA)**

Financial Statement of Special Account (FISSA) constitutes a report that must be prepared by a receiver of Foreign Loan (PHLN) with Impress Account procedure, which is made on the basis of all replenishment applications submitted for the relevant one year budget and on the basis of Impress account for one year budget. FISSA consisted of FISSA-1, FISSA-2, and FISSA-3. As for the explanation of the three FISSA is as follows:

##### **1) FISSA-1**

FISSA-1 constituted reconciliation on the use of impress account fund for one year budget covering two sections, i.e. Account activities and Account reconciliation.

###### **a. Account Activities**

The initial balance of Impress account number 601,323,411,980 ADB Loan 3122-INO on January 1, 2015 was USD7,400,000.00. The payment made by ADB for 2015 Fiscal year was USD2,638,379.34. Total fund which was drawn from impress account for 2015 fiscal year was USD2,638,379.34 so the end balance as of December 31, 2015 in impress account was USD4,761,620.66.

###### **b. Account reconciliation**

Account reconciliation compares between "balance of deposit not yet recovered at year end" to "total amount documented". "Balance of deposit not yet recovered at year end" constituted the deduction to initial deposit by total amounts recovered by ADB.

Initial deposit constituted a fund or advance drawable when NIPLN was stated effective. Initial deposit for Loan 3122-INO was determined at USD7,400,000.00. Initial deposit was a rolling fund which was then disbursed phase by phase through the issuance of SP2D on impress account.

##### **2) FISSA-2**

FISSA-2 constituted backlog data in impress account, i.e. the list of SP2D that had been disbursed from impress account for ADB Loan 3122-INO but not accounted for yet to ADB. The total value of SP2D being the backlog of 2015 fiscal year was Rp19,954,473,700.00 or equivalent to USD1,430,683.27.



### 3) FISSA-3

FISSA-3 constituted a recapitulation of replenishment application for of USD1,207,896.07. The replenishment applied for 2015 fiscal year was USD7,400,000.00 consisting of two activities, Civil Works and Workshop and Training.

### 4. Target Achievement

NUSP-2 activities for 2015 fiscal year was budgeted at Rp71,048,057,000.00. The target realization of NUSP-2 activities budget for 2015 fiscal year was Rp51,196,953,910.00 or 72% of total Loan 3122-INO or equivalent to USD3,673,990.33 for all categories with breakdown as follows.

**Table 1.10 Budget and Realization of Target Achievement**

No	Vlak	Budget (Rp)	Realization (Rp)	%
1	2	3	4	5
1	Category 1	44.500.000.000,00	35.830.400.000,00	80%
2	Category 2	2.950.640.000,00	1.148.746.519,00	39%
3	Category 3	23.597.417.000,00	14.218.797.391,00	60%

The target sites of Community Direct Assistance (BLM) activities for 2015 in ADB Loan 3122-INO up to the end of December 2015 was 89 urban villages/kelurahan, but those realizable were only 73 kelurahan. Below are the regencies/municipalities that were changed:

- Lampung from 7 to 6 kelurahan;
- Semarang from 5 to 2 kelurahan;
- Kapuas from 6 to 2 kelurahan;
- Serang from 7 to 5 kelurahan; and
- Bima from 6 kelurahan were not realized all of them.

The fund disbursement process consisted of three phases:

- Phase I was 40% of contract value;
- Phase II was 30% of contract value if the physical achievement had reached a minimum of 36%; and
- Phase III was 30% of contract value if the physical achievement had reached a minimum of 63%.

There were three kelurahan not disbursing Phase III fund, i.e. Kelurahan Panjang Wetan (Pekalongan city), Kelurahan Layang (Makassar city), and Kelurahan Bunga Eja Beru (Makassar city) because the physical progress of those kelurahan did not meet the requirement of Phase III fund disbursement.

## GENERAL OVERVIEW OF AUDIT

### 1. Audit Legal Basis

- a. Law Number 17 of 2003 concerning State Finance;
- b. Law number 1 of 2004 concerning State Treasury;
- c. Law number 15 of 2004 concerning State Financial Management and Accountability Audit;
- d. Law number 15 of 2006 concerning the Audit Board; and
- e. 2015 Audit Work Plan.

### 2. Audit Objective

The objective of the audit on the Financial Statements of Neighborhood Upgrading and Shelter Project Phase-2 (NUSP-2) is to express opinion on the fairness of NUSP-2 Financial statement of 2015, by taking into accounts the following matters:

- a. Conformity with the designated accounting standard;
- b. Compliance with the statutory regulations directly and materially affecting the NUSP-2 financial statement, including the provisions in contract and loan agreement; and
- c. Effectiveness of the internal control system.

### 3. Audit Target

The target of this audit is the Financial Statements of Loan 3122-INO as of December 31, 2015, including the Internal Control System and the activities related to the implementation of NUSP-2 program, in:

- a. The implemented infrastructure construction accompanying activities in slum settlement areas through NUSP-2 program performed by communities;
- b. The implemented infrastructure construction activities which are participative, transparent, and accountable; and
- c. The realized improvement of settlement environment which is livable and sustainable.

### 4. Audit Standard

The audit standard applied by BPK consists of:

- a. Regulation of BPK Number 1 of 2007 concerning State Financial Audit Standard (SPKN) of 2007; and
- b. Audit Management Guidelines (PMP) of 2008.

**5. Audit Method**

The audit of the Financial Statements of Loan 3122-INO in 2015 has been conducted by applying the following approaches:

a. Risk approach

The methodology applied in performing audit on the financial statements of Loan 3122-INO of 2015 used risk approach, which was based on the comprehension and assessment of the effectiveness of the Financial Statements preparation. The results of comprehension and assessment will determine the level of reliability of the management assertion and the applicable provisions.

The determination of the audit risk simultaneously with the reliability level of control risk and the level of inherent risk of the entity to be audited can be used as a reference in determining the expected detection risk and the total assessment to be conducted as well as in determining the audit focus.

b. Materiality

The Planning Materiality/PM which constitutes the level of materiality for the overall financial statements is determined at 3% of the un-audited Expenditures Realization FY 2015. The above materiality standard is not applicable for deviation containing the elements of collusion, corruption and nepotism (KKN) as well as violation of law.

c. Sampling Audit

This audit has been conducted by performing assessment on transactions by sampling within the population to be tested. The conclusions of the audit will be obtained based on the sampling results, which serve as the basis for describing the condition of the population. In this audit, the auditors determine the extent of the samples based on the results of risk assessment which has been performed with due observance of the adequacy of the number of samples selected both in terms of rupiah amount as well as the type of transactions.

**6. Audit Period**

The audit was conducted for 25 days, from May 2, 2016 through June 7, 2016, based on Assignment Letter of BPK number 33/ST/VI/04/2016 dated April 22, 2016.

**7. Audit Object**

The audit was conducted on the Financial Statement of NUSP-2 in ADB Loan 3122-INO of 2015 consisting of Report on Budget Realization and Financial Statements of Special Account (FISSA) Number 601.323.411.980 as of December 31, 2015.



**8. Audit Limitations**

All information presented in the financial statements is the management's responsibility. Therefore, BPK is not responsible for any misinterpretation and possible effect of the omission of information, either intentionally or unintentionally by the management.

BPK's Audit includes procedures designed for providing reasonable assurance in detecting any error and misstatements that materially affect the financial statements. BPK Audit is not aimed to find errors or irregularities. However, if any irregularities are found from the audit results, they will be disclosed in the compliance report.

In conducting the audit, BPK also recognizes the possible existence of any violation of laws. However, BPK audit provides no assurance that all violations of laws will be detected and gives only reasonable assurance that the violations of laws that directly and materially affect the amounts stated in the financial statements will be detected. BPK will inform about any possible violations of laws or material error/irregularity found during the course of audit.

In implementing the assessment for compliance with statutory regulations, BPK only tested the institution's compliance with statutory regulations directly related to the preparation of the financial statements. This does not rule out the possibility that there is still unidentified non-compliance with regulations.

**AUDIT BOARD OF  
THE REPUBLIC OF INDONESIA**