

IMPLEMENTATION OF FIXED ASSETS MANAGEMENT MODEL DEVELOPMENT IN LOCAL GOVERNMENT OF MERAUKE REGENCY PAPUA

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ABSTRACT

This study aims to analyze the implementation of the development of a fixed assets management model in local government of Merauke Regency. The object of research is the system of managing fixed assets in the local government of Merauke Regency. Data analysis using Importance Performance Analysis (IPA) shows the key factor of fixed assets management that needs to be improved is the procurement of fixed assets according to needs, checking of the process of procurement of fixed assets, utilization of fixed assets, supervision and maintenance of fixed assets. While the key factors that must be maintained are the procurement proposals based on inventory data, the process of procuring fixed assets, the valuation of fixed assets, the disposal of fixed assets, the legal basis for the disposal of fixed assets, and the security of fixed assets administratively, physically and legally. The results of discussions with the Local Asset Management Officer of Merauke Regency shows that the development of fixed asset management model emphasizes the process of planning, procurement, utilization and supervision by prioritizing commitment and organizational culture. Organizational commitment from Human Resources that manages fixed assets creates awareness to manage fixed assets in accordance with applicable regulations. Organizational culture that views leader behavior is a role model for subordinates, adding a supervisory process from top level leadership elements, and regional regulations that regulate the sanction of fixed assets are very necessary to create a good controlling function.

Keywords: fixed assets model, assets management, merauke, papua

1. INTRODUCTION

Regional fixed assets are part of local government property that are purchased using state funds to support the role and function of the government in providing public services so that management of fixed assets must be carried out transparently, effectively, efficiently and accountable. As part of state assets, fixed assets are recorded and presented in financial statements in accordance with Government Accounting Standards (SAP) so that the financial statements presented meet the qualitative characteristics of the statement. Therefore, poor management of the fixed assets will have an impact on the financial statements of local governments (Sulistiawati, 2016). The good and bad of local government financial statements are reflected in the opinions given by the National Court of Audit (BPK) based on the results of the examination of financial statements. Based on the results of the

BPK's examination of the Local Government Finance Statement (LKPD), Merauke Regency in 2015 received a qualified opinion (WDP), where financial statements are presented fairly in all material respects in accordance with SAP, except for excluded matters. One of the causes of weaknesses in the statement according to SAP in Merauke Regency is inadequate management of fixed assets (BPK, 2016).

Assets management is needed by the region because one of the main problems in managing regional assets is disorderliness in asset management (Siregar, 2004). This causes uncertainty on the fixed assets data that is managed by the region, so that assets managed by local governments tend to be not optimal in their utilization. The implication of asset utilization and management that is not optimal is that there is no value of benefit that is balanced with the intrinsic value

and potential contained in the asset itself. Therefore, effective asset management is needed to ensure that all available assets and facilities are managed properly and can the improve public services (Backer and Yusoff, 2014). The results of the study by Bertovic, et al. (2004) concerning asset management models for local governments show that asset management is very important in making decisions about the acquisition, retention and release of property.

The management of state assets must be guided by applicable regulations. According to Government Regulation Number 27 Year 2014 and the Minister of Home Affairs Regulation No. 19 Year 2016, the stages of managing state/regional property include: needs planning and budgeting, procurement, use, utilization, security and maintenance, valuation, transfer, disposal, elimination, administration, guidance, supervision and control. The regulations show that there has been an effort from the government to curb and optimize the management of state/regional assets. However, the existence of these regulations in practice has not been able to create adequate asset management, especially in Merauke Regency. This is proven by many BPK findings related to the management of fixed assets that are not yet adequate. Therefore, this study aims to analyze the implementation of the development of a fixed asset management model in the Local Government of Merauke Regency.

2. ASSET MANAGEMENT

Government Regulation Number 71 Year 2010 concerning Government Accounting Standards defines fixed assets as tangible assets that have a useful period of more than 12 (twelve) months to be used in government activities or utilized by the general public. Asset management is

defined as something that is systematic and coordinates activities through practice so that an organization can optimally regulate its physical assets and show their performance in accordance with the organization's strategic planning (NSW Department of Local Government, 2006). According to Siregar (2004) asset management will involve a series of important activities as follows:

- a. Planning with phases of activity: asset identification and inventory, legal audit, valuation, study of economic potential and asset optimization.
- b. Utilization in the form of: use for direct operational purposes of the local government, cooperated (used) with third parties.
- c. Evaluation and Monitoring which includes: valuation of asset performance based on economic benefits of assets, update of asset data, addition or disposal of assets, maintenance (improvement) of assets, settlement of all obligations related to the existence of assets.

According to the Minister of Home Affairs Regulation No. 19 Year 2016 concerning Guidelines for the Management of Regional Property, management of regional property is the entire activity that includes needs planning and budgeting, procurement, use, utilization, security and maintenance, assessment, transfer, disposal, elimination, administration and guidance, supervision and control.

3. RESEARCH METHODS

This study used a qualitative descriptive approach with a survey data collection technique. Subjects in this study were structural officials and officials who carry out the management function of the Regional Property in the SKPD and have a minimum service period of one year in the period of management of regional property. Whereas the object of the

research was the management of fixed assets within the Local Government of Merauke Regency. Data were collected through questionnaire, interviews, observation and documentation, while the analysis of the data used Importance Performance Analysis (IPA). The object of the research was the system of managing fixed assets in the Local Government of Merauke Regency.

he variable of the research used to measure the level of importance and performance achievement consisted of 21 variables which were the important factors in the asset management. These variables were developed from Lase's research (2012) and adjusted to the Minister of Home Affairs Regulation No. 19 Year 2016 concerning Guidelines for the Management of Regional Property.

Table 1. Important Factors of Asset Management

Main Concept Focus	Variables (Components and Descriptions)	
Planning and Procurement	1	Strategic planning in the procurement of assets
	2	A list of regional property needs was used as a basis for procurement
	3	The discussion of the proposed budget plan
	4	The procurement of the fixed assets was carried out efficiently, effectively and transparently.
	5	Procurement of fixed assets was in accordance with the applicable regulations
	6	There was an examination of the implementation of procurement of fixed assets by the regional inspection committee.
Receipt, Storage and Distribution	7	Inventories included data collection, recording and storing information related to the fixed assets
	8	Data base updates related to the fixed assets
	9	Legal audit process of fixed assets
Financing, Asset Valuation, and Asset Utilization	10	Transparency of costs related to the management of fixed assets.
	11	Determination of the value of the fixed assets in the Financial Statements was in accordance with SAP.
	12	The utilization of fixed assets was in accordance with their designation.
	13	The use of fixed assets had a positive impact on increasing the added value of the regional assets.
	14	The involvement of the third parties (private) and the community (partnerships) in the utilization of the fixed assets
	15	The utilization of all of the fixed assets was still done optimally.
Asset Disposal	16	There was a legal basis for the disposal of the fixed assets
	17	The disposal of the fixed assets had clear technical and economic considerations
Assistance, Supervision and Management of Assets	18	Supervision and maintenance of the fixed assets were carried out periodically.
	19	Professionalism of the human resources in managing and utilizing the fixed assets
	20	Securing fixed assets in accordance with administrative, physical and legal provisions.
	21	Maintenance of fixed assets guided by a list of regional property maintenance.

4. RESEARCH RESULTS AND DISCUSSION

In the early phases of the study, the measurements of the performance of fixed asset management and importance level were carried out through distributing the questionnaires to structural officials and officials who carried out the management function of fixed assets in each Regional Working Unit (SKPD) of Merauke Regency. The total number of

questionnaires distributed to 26 SKPD was 91 copies and the questionnaires which were returned and could be processed were 39 copies (43%).

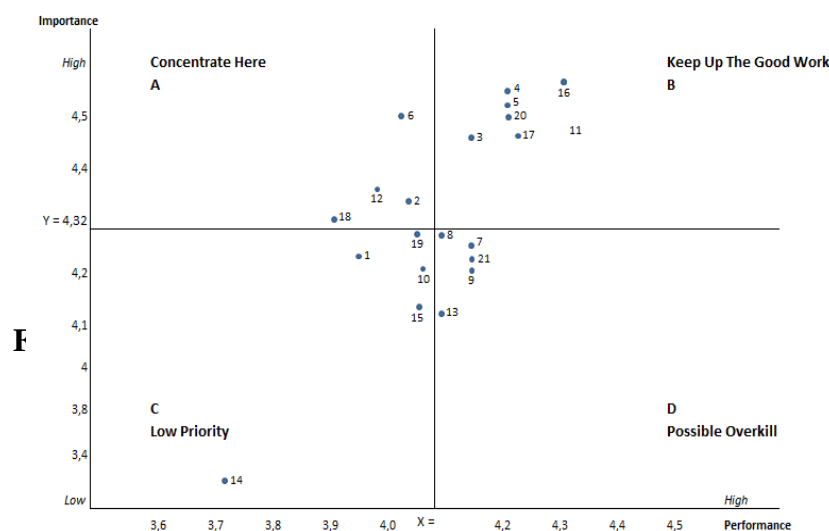
Data analysis used Importance Performance Analysis (IPA) that was carried out by calculating the level of importance and performance achievement of each of the key factors of the fixed asset management, then calculating the level of suitability and decision-making scores.

Table 2. Average level of importance, performance and suitability

Main Concept Focus	Key Factor No.	Importance Level Score	Performance Level Score	Level of Suitability (%)	Decision Score	Hold and Action
Planning and Procurement	1	166	155	93,37	95,63	Action
	2	170	159	93,53	95,63	Action
	3	175	163	93,14	95,63	Action
	4	178	165	92,70	95,63	Action
	5	177	165	93,22	95,63	Action
	6	176	158	89,77	95,63	Action
Receipt, Storage and Distribution	7	167	163	97,60	95,63	Hold
	8	168	161	95,83	95,63	Hold
	9	164	163	99,39	95,63	Hold
Financing, Asset Valuation and Utilization of Assets	10	164	160	97,56	95,63	Hold
	11	179	169	94,41	95,63	Action
	12	171	156	91,23	95,63	Action
	13	161	161	100,00	95,63	Hold
	14	131	145	110,69	95,63	Hold
Asset Disposal	15	162	160	98,77	95,63	Hold
	16	179	169	94,41	95,63	Action
Assistance, Supervision and Management of Assets	17	175	166	94,86	95,63	Action
	18	169	153	90,53	95,63	Action
	19	168	159	94,64	95,63	Action
	20	176	165	93,75	95,63	Action
	21	165	163	98,79	95,63	Hold

The results of the data analysis using the Importance Performance Analysis (IPA) were then mapped in the Cartesian diagram to see in more detail the

factors that needed to be improved. The mapping results in the Cartesian diagram are shown in the following figure.



From the Cartesian diagram in the figure above, the fixed asset management factors that were considered as important factors but their performance were not good are: a list the needs of fixed asset (Factor No. 2), inspection by the regional inspection committee in the procurement process (Factor no.6), the utilization of fixed assets according to their designation (Factor No. 12) and the existence of periodic supervision and maintenance of fixed assets (Factor No. 18). While the factors of fixed asset management that have performed well enough but were considered less important are: asset inventory (Factor No. 7), data base update (Factor No. 8), legal audit process (Factor 9), positive impact on the increase in added value of regional assets (Factor no.13), and maintenance of assets in accordance with the list of needs of maintenance (Factor No. 21).

The results of the discussions with the structural officials and regional fixed asset management officials in the Local

Government of Merauke Regency showed that the overall competency of the Human Resources (HR) of the asset managers in Merauke Regency was good enough and the stage of asset management had been carried out in accordance with applicable regulations. The things that need to be improved were the organization commitment. This was in line with Sulistiawati's (2016) research which states that the managers of the Regional Property (BMD) in the Regional Working Unit of Langkat Regency have low loyalty in realizing good BMD management. Organizational commitment was built on based on workers' trust in the values of the organization, the willingness of workers to help realize organizational goals and loyalty to remain a member of the organization.

In addition, the supervisory function in each SKPD in Merauke Regency has not run well, so it needed to be improved by involving several parties including top-level leaders because the organizational

culture in the Merauke area were highly prioritizing leaders and viewed the leaders as the role models so that leader’s behavior was always followed by their subordinates. Sulistiawati’s research (2016) explained that the role of leaders is able to strengthen the relationship between the quality of the

regional apparatus, compliance with regulations, organizational commitment and management information systems on the management of Regional Property in the Regional Working Unit of Langkat Regency.

Based on these inputs, a model for fixed asset management in the Merauke area was compiled as follows:

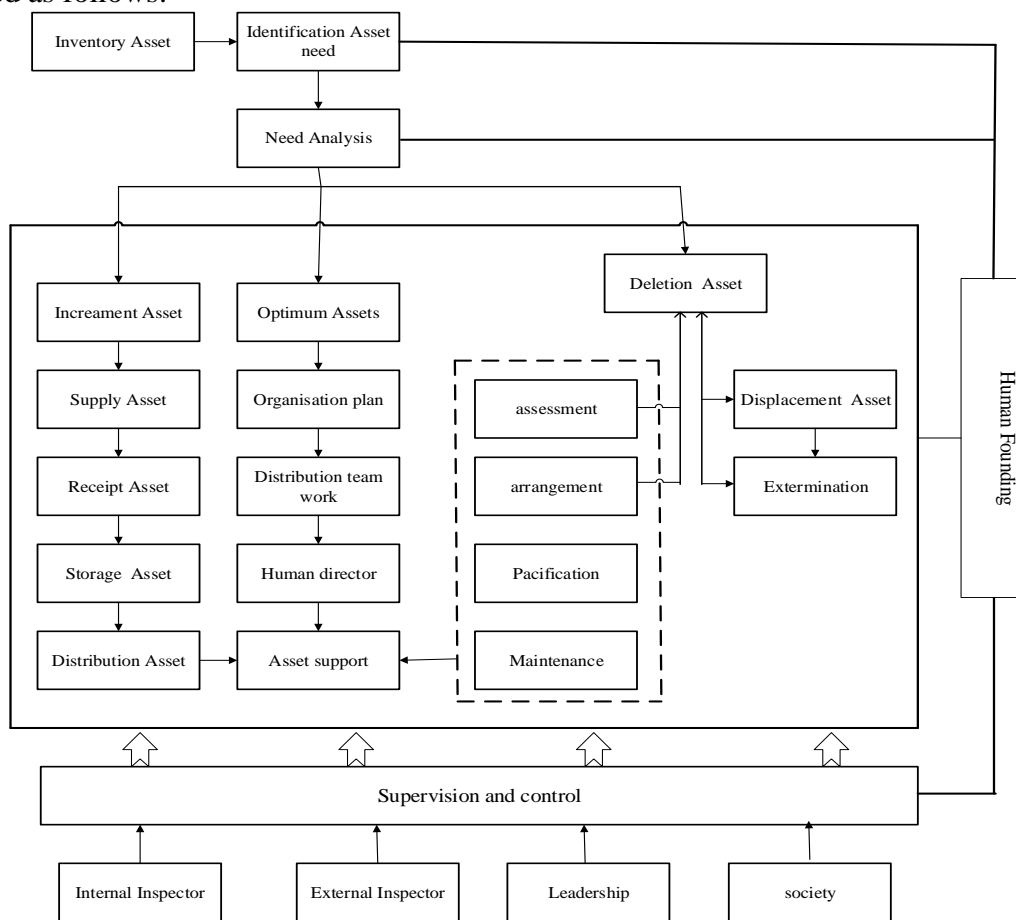


Figure 2. Regional Fixed Asset Management Model

According to Lyons (2004), a key component of asset management is an understanding a strategic view of the best assets that need to be maintained and utilized efficiently, such as identifying assets that must be disposed to produce resources for reinvestment. Therefore, the management of regional fixed assets starts from the identification of the asset requirements proposed by each working unit based on the needs and data from the asset inventory, then analysis of the needs

is conducted to determine whether or not to add to the existing assets is conducted.

Phases in the process of adding assets, optimizing existing assets, reducing excess assets and removing damaged assets are carried out in accordance with applicable regulations, by considering the strategic plan of each SKPD. To curb the recording and reporting of the fixed assets owned, all existing fixed assets are appraised and administered properly and orderly.

Moreover, to maintain the existence of fixed assets, an adequate security of assets is necessary. To maintain the condition of fixed assets owned so that they can be utilized throughout their economic life, it is necessary to maintain assets regularly.

In order for all processes in fixed asset management to run effectively, it is necessary to monitor and control the assets that involve various parties. This is supported by the research of Peki, et al (2014) which states that the effective implementation of asset management is influenced by the monitoring and evaluation process and strengthened by the quality of human resources. Internal and external auditors need to conduct asset management audits periodically starting from the procurement process to asset disposal. Direct leaders from the working unit personnel and SKPD leaders need to conduct periodic checks on the existence, condition and needs of assets owned. Supervision from the community can be done by conducting a public service satisfaction survey.

To increase HR loyalty to the organization and organizational commitment, it is necessary to periodically develop HR in each working unit. HR development is carried out not only in the form of training in utilizing assets or training in asset management in accordance with applicable regulations, but it also needs to conduct training related to mental mentoring of HR in order to have high organizational loyalty and commitment.

5. CONCLUSIONS AND RECOMMENDATIONS

Based on the results of the analysis and discussion as previously stated, it could be concluded that the process of regional fixed asset management started from identifying asset needs because it was a

very important variable and the achievement of its performance still needed to be improved in the Local Government of Merauke Regency. An effective and efficient fixed asset management model emphasized the process of planning, procurement, utilization and supervision with prioritizing commitment and organizational culture. Organizational commitment from Human Resources who managed fixed assets would create awareness to manage fixed assets in accordance with applicable regulations. Organizational culture that views leader behavior as a role model for subordinates enhances the existence of a supervisory process from top-level leaders and regional regulations governing sanctions for misuse of fixed assets were needed to create a good controlling function.

Several things that need to be done by the Merauke Regency Government to improve effective and efficient fixed asset management are always trying to improve the supervision of the management of fixed assets by involving many parties, increasing the loyalty and commitment of HR organizations, creating a healthy organizational culture. The next research can develop this research by using an experimental method so that the results obtained can be compared.

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