

---

## ANALYSIS OF REGIONAL ASSET CONTROL IN INCREASING THE OPTIMIZATION OF REGIONAL ASSET MANAGEMENT

**Rita Noratni**

Faculty of Economic and Business, Universitas 17 Agustus 1945 Surabaya,  
Indonesia  
shafirar3t4@gmail.com

Received: June, 2023; Accepted: June, 2023; Published: August, 2023

---

### Abstract

*Assets are a component that, with correct management, can yield data that can be accounted for in a region's financial reports. One of the cornerstones to effective regional economic development is regional asset management. If regional assets are effectively handled, public confidence in the administration of state finances will rise. The goal of the asset management process's strategy for improving regional asset management is to maximize the utilization of regional assets through asset inventory, legal audits, asset supervision and control, and asset handover. To determine the many factors that affect the optimization of regional assets, a literature review study was carried out. Asset inventory, legal audit, supervision and control of assets, as well as the transfer of assets, are the factors that have the most impact on the optimization of regional assets. The dependent variable is asset management optimization, while the independent variables are asset inventory, legal audit, asset monitoring and control, and asset value. The findings of the literature research demonstrate a beneficial relationship between asset inventory, legal audit, asset monitoring and control, and asset valuation and regional asset management optimization.*

**Keywords:** *optimization, management, regional assets*

---

## INTRODUCTION

Regional Autonomy is a crucial policy for Indonesia since it embodies the decentralization idea that was the aim of post-New Order reforms. Decentralization is a procedure whereby Regional Governments exercise the greatest amount of authority in an effort to boost regional competitiveness, public services, and welfare for the populace. The implementation of regional government duties will be carried out to the best of its ability if government affairs are carried out in accordance with the law on financial balances between the central government and regional governments, the amount of which is adjusted and synchronized with the division of authority between the central and regional governments, and sufficient sources of revenue are found.

The distribution of responsibilities between the central government and local governments has the effect of creating a sub-system of state finance known as the authority balance. The regional government is inherently in a position of independence in every area of development, particularly when it comes to the

funding of regional development, thanks to the financial balance between the center and the regions. The ability to handle one's finances is one factor in determining a region's capacity for home organization and management.

A region's development is impacted by its capacity for financial management. In order to improve services to the community and fulfill the regional vision and mission, the regional government must be able to manage its assets well and maximize the richness of the land it owns. In its capacity as the body responsible for organizing government, the regional government primarily seeks to maximize community welfare. According to Jensen et al. (1967:56) in Teri Agency, managers and owners have a connection within the context of agency relations.

If the incentives offered are in line with the results gained, management will make decisions that are trusted by the owner. A performance measurement system is ultimately needed to convey information by using both financial and non-financial measures because over time, the interests of these two parties do not always align, leading to a conflict of interest if both parties attempt to maximize their respective utilities.

Laws and regulations in the field of State Finance are the driving force for changing the paradigm of asset management in Indonesia. These laws are Law No. 17 of 2003 concerning State Finance, Law No. 1 of 2004 concerning the State Treasury, and Law No. 15 of 2004 concerning Examination of the Management and Accountability of State Finances. Law number 1 of 2004 concerning the State Treasury, is a legal umbrella that regulates the function of Regional Property Management and the improvement of regional financial management including the management of regional assets must be carried out from very basic and comprehensive matters.

Local governments must take into account planning requirements and budgeting, procurement, receipt, storage and distribution, use, administration, utilization or use, security and maintenance, appraisal, write-off, transfer, guidance, supervision and control, financing, and demands for compensation when managing assets to ensure that regional assets can make the best contributions to the relevant regional government. For the reason that they serve as the primary source of local revenue, regional assets are a valuable resource for local governments. In order to effectively and precisely manage their assets, local governments must be able to do so.

According to Halim (2004: 150), the ability of the region is proven by managing regional finances independently in financing government activities, development and services to the people who have paid taxes and levies. Regional financial independence is always increasing, illustrating that local governments are able to increase financial capacity from local sources and minimize dependence on financial assistance from the central government. Regional financial independence is shown from the receipt of Regional Original Revenue (PAD) to total regional income.

Efforts to increase sources of revenue to increase Regional Original Income (PAD), it is hoped that other sectors will become sources of regional income by increasing the utilization of regional assets owned by the regions. In implementing the utilization and optimization of regional assets, each region implements different strategies and policies. Optimum utilization of regional assets is one of the keys to

the success of economic development which provides added value to increase Regional Original Income.

According to Siregar (2004) in realizing an orderly administration of the management of regional assets and goods in the administration of regional government, there are several stages of asset management that can be carried out to improve the optimization of the management of owned assets, namely asset inventory, legal audit, asset valuation, and monitoring and control. assets, where if the four stages of asset management are carried out properly it will provide great benefits for the government in increasing efficiency, effectiveness and creating added value in managing assets in a more orderly, accountable and transparent manner.

Through increased use of regional assets controlled by the regions, it is envisaged that other industries will become sources of regional income as part of efforts to increase sources of revenue for growing Regional Original Income (PAD). Each region employs a different set of methods and policies to optimize the use of regional assets. One of the keys to the success of economic development that adds value to raise Regional Original Income is optimal utilization of regional resources.

In the strategy of managing regional assets, the problem that often arises is a mismatch between the needs of the assets used and the performance of regional apparatus organizations, the allocation of assets and the use of assets owned. Other problems that must be addressed, such as the lack of clarity on the legal status of assets or ownership rights to these assets, results in frequent disputes over ownership, ownership, use and utilization.

Regional asset management that is not optimal when viewed from the side of the maintenance budget results in a burden on the regional government. Under these conditions, commitment is required between asset managers and asset users to optimize the use of assets to achieve the goals to be achieved.

## **LITERATURE REVIEW**

Management is the science and art of using human resources and other resources effectively and efficiently to accomplish a specific goal, according to Malaya Hasibuan (2006). According to Tarnujaya and Shirly (2006), management is the process of effectively and efficiently achieving organizational goals through the planning, organizing, directing, and control of organizational resources.

Assets or property (Republic of Indonesia, 2005), are economic resources that are controlled and/or owned by the government as a result of past events and from which future economic and/or social benefits are expected to be obtained, both by the government and the community, and can be measured in units of money, including non-financial resources needed to provide services to the general public and resources maintained for historical and cultural reasons.

Financial management is a field of knowledge that is both fun and challenging, because those who are passionate about financial management will get wider opportunities to get jobs such as corporate finance managers, banking, real estate, insurance companies and even other government sectors, so that careers will be growing (Musthafa: 2013). The importance of financial management, as stated above, that studying Financial Management can explain some of the decisions that

must be made, namely investment decisions, funding decisions or decisions to meet funding requirements and dividend policy decisions.

In order for the local government to reflect economy, efficiency, and effectiveness, Mahsun (2003) asserts that asset management is required to resolve property issues. Uncertain legal status of the property is the standard issue that frequently arises when managing property assets. That is, a disagreement between existing units about who truly owns the rights to these assets frequently arises. The Regional Government, as the owner, and the tenants and managers do not have a proper connection since there is no culture of efficiency for asset management, which has led to numerous contractual relationships that are not ideal.

It must be understood by the Regional Government that the ultimate goal or main goal of asset management is to optimize the utilization of regional assets. The fact is that up to now regional assets are still being managed soberly, limited to mere inventory (accounting records). Regional assets are still consulted with negative cash flow, rather than as productive and income-generating assets. The condition of utilization of regional assets proves that regional assets as local resources show low utility, this happens because in almost all local governments in Indonesia there is no understanding of managing regional assets as a whole within the framework of asset management (public/corporate real property management).

Britton et al. (1989), said "define good asset management in terms of measuring the value of properties (assets) in monetary terms and employing the minimum amount of expenditure on its management".. Asset management itself has developed quite rapidly starting with a static orientation , then developed into a dynamic, initiative, and strategic.

Controlling the expenses of consuming or utilising assets to support the operations of the Regional Government is the major objective of asset management. In addition, there have been initiatives to compile a list of the unutilized assets owned by municipal governments. However, in the future, asset management will broaden in scope to encompass asset value, accountability for asset management, land audits, specifically audits of land use, property surveys in relation to monitoring the changes in the real estate market, application of information systems in asset management, and maximizing asset utilization. The most recent development has been an expansion of asset management's capabilities to include both investment strategies for asset optimization and monitoring the operational performance of assets (Siregar, 2004).

According to Mahmudi (2010), it means that regional assets are all the resources owned by the regional government which are obtained from purchases from the regional budget or obtained from other income. Meanwhile, according to Suwanda (2013), regional assets are movable and immovable goods, tangible and intangible that are owned by an organization which are wealth or assets that can provide benefits in their use. Regional asset management is regulated in the Regulation of the Minister of Home Affairs Number 17 of 2007 concerning Guidelines for the Management of Regional Property which includes planning, procurement, use, utilization and maintenance, appraisal, write-off, transfer, administration and supervision and control. Regional assets as one of the important elements in the framework of government administration, it is necessary to manage them properly and correctly so that they can provide services to the community.

In managing assets, there are several stages that are carried out including the following:

1. Asset Inventory

The first stage is an inventory of assets. Aspects of asset inventory, namely the first aspect of physical inventory of goods relating to location, size, type, volume, number of assets, address of assets, and the second aspect of juridical inventory which consists of asset ownership status, asset control status and the deadline for asset use. In the asset inventory inventory activities carried out are recording, affixing/labeling, grouping and administration according to the objective of regional asset management.

2. Legal Audits

The legal audit stage is related to asset inventory, namely asset ownership status, asset control status, asset control procedures or asset transfer. Next, identify and seek solutions and settlement strategies if there are legal issues related to the legality of ownership and transfer of assets. Among the problems that often occur in the field are those regarding unknown ownership status, non-existent proof of ownership, assets controlled by other parties and the lack of proper coordination of asset transfers.

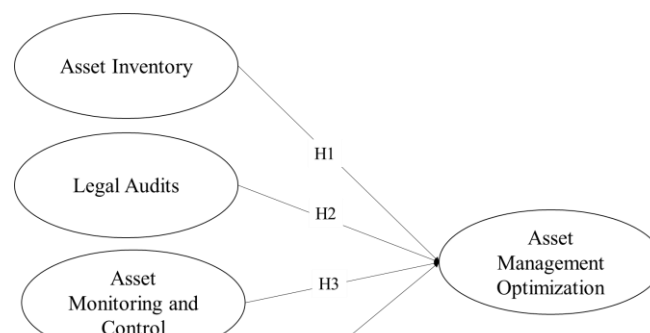
3. Asset Control and Supervision

Utilizing a digital tool, such as the Regional Asset Management Information System (SIMDA), is one efficient method for monitoring and managing regional assets. Transparency in managing and monitoring assets is ensured by this digital application. Assets that have been recorded will be carefully watched, beginning with handling them and being accountable if there is a transfer of assets. It is anticipated that adopting this program will reduce corruption, collusion, and nepotism in regional asset management services.

4. Valuation of assets

Asset valuation is the following phase. An impartial asset management expert determines the worth of each item or asset that the area owns. These assets are valued in order to ascertain their net worth and to establish a starting point for estimating their selling price. There are several methods used to evaluate a product or asset, including the market data approach using direct price comparison, the cost approach using depreciated replacement costs, the income approach using discounted cash flows, and finally the land development approach using residual value of the land.

Asset valuation is carried out by an independent appraisal team or consultant. Based on the implementation of the policy proposed by Grindle (1980) the success of implementation is influenced by the content of the policy including: interests, types of benefits produced, expected changes, position of policy makers, program implementers and resources. With a team of independent appraisers or consultants when conducting asset valuations, the expected results will achieve the goals and provide benefits in the future.





**Figure 1.1 Research Conceptual Framework**

- H1. Positive relationship between asset inventory and asset optimization
- H2. Positive relationship between legal asset audit and asset optimization
- H3. Positive Relationship between supervision and Asset Control with Asset Optimization
- H4. Positive relationship between asset valuation and asset optimization

Based on Figure 1.1. The conceptual framework of the research above, it can be concluded that Asset Inventory (H1), Legal Asset Audit (H2), Asset Monitoring and Control (H3), and Asset Valuation (H4) have a significant effect on Asset Optimization (Y).

## **METHOD**

This research method uses qualitative methods and literature review which is a type of research that is used by collecting in-depth information and data through literature studies, books, notes, magazines and other sources. Examine the theory and relationships of online books and journals sourced from Mendeley, Scholar Google, Proquest and other.

## **RESULTS AND DISCUSSION**

In order to maximize regional original revenue (PAD), enhance service standards, and raise development funding independently, regional asset management performs a number of crucial tasks, including managing local potential with transparency and accountability.

The authors of a study titled Management Of Capital Assets By Local Governments: An Assessment and Benchmarking Survey, Kaganova O., and J. Telgarsky (2017), developed a unique tool for assessing regional asset management in order to pinpoint the aspects of asset management that need the most improvement and concentrate resources there. In essence, this instrument covers infrastructure, land, and buildings that are part of the local area. What is the significant role of synergy between the public and private sectors in managing state-owned assets? This question is based on research by Giglio, J.M., Friar, J.H., & Crittenden (2018), Integrating Life Cycle Asset Management In The Public Sector.

The results of a research study by Garseth-Nesbakk, L., Haugdal, A.T., & Kjaerland, F (2019) entitled Risk Talking in Local Governments Financial Investment Making, discusses financial sustainability in public financial management. Regional assets include stocks, bonds and certificates as current assets by managing their resources. Unlike the results of a research study by Guironnet, A., Attuyer, K., & Halbert L (2016) with the title Building Cities on Financial Assets: The Fiancialization of Property Market and its Implications for City Governments in the Paris City-Region, large-scale development in the suburbs of Paris by developing commercial properties as investment assets. Development projects are formed to provide investment assets for financial investors.

Previous research on optimizing regional assets was also carried out by Kristianus Marten Dhedhu, et al (2016/, with the title Regional Asset Management from the Parent Regency (a case study at the Revenue Service, Regional Asset Financial Management in Nagekeo Regency, NTT), that assets are one of the most important elements in managing an area's financial management Regular asset management produces reliable information in financial reporting for the district Another study was conducted by Stanly C.F. Tukunang (2016) with the title Regional Asset Management at the Siau Tagulandang Biaro Archipelago Regional Financial and Asset Management Revenue Service, states Regional asset management refers to the RPJMD and APBD to achieve regional asset management following the principles of good government, namely; functional principle, legal certainty principle, efficiency principle, accountability principle and value certainty principle.

Strategies in increasing the optimization of regional asset management include the following:

1. Asset inventory is an activity by carrying out calculations, organizing, managing, recording data and reporting regional property both unused and used. The stages in asset inventory are: preparing the required asset data, recording asset data, conducting reconcile asset data, control asset data, protect asset data and carry out periodic stock taking.

Based on research conducted by Arif Wicaksana (2021) entitled Effects of Asset Inventory, Asset Use, Security and Maintenance of Assets on Optimizing Land Fixed Assets through Asset Utilization in the Government of Malang Regency, asset recording is carried out periodically for 5 (five) years and will continue to record updated data every time there is a change or addition to assets. Asset inventory is recorded in detail and completely and adjusted to identity as evidenced by ownership and acquisition value so that it is optimally sustainable.

2. Legal Audit is asset management in the form of asset control status, systems and procedures for controlling or transferring assets, identifying and solving solutions in overcoming legal issues related to controlling or transferring assets. Research conducted by Suseno (2018) with the research title Strategy for Optimizing Idle Assets in Central Java Province, a legal audit is legalizing asset ownership in writing and legally. One way to legalize asset ownership is planngisasi which aims to determine government-owned assets so that they

cannot be misused. Another policy is to schedule asset management monitoring with the aim that goods users have a sustainable program.

Evidence of legal audits of assets owned by the region, will assist the government in securing assets if one day there are parties who claim these assets. It is hoped that the legal audit carried out in managing regional assets, especially in the form of assets in the form of land and buildings, can run optimally.

3. Asset Supervision and Control is carried out to ensure the smooth, efficient and effective implementation of regional asset management so as to ensure orderly administration in the management of regional assets. Regional asset control that is carried out will guarantee and run according to the established plan.

Research on asset management for asset management was carried out by Sukmini Hartati et al (2019) with the title Asset Management for Optimization of Fixed Asset Management, asset supervision and control is a business or activity to find out that implementation is carried out in accordance with applicable rules and laws.

4. Asset valuation is guided by Local Government Accounting Standards. Valuation of regional assets recorded in the inventory of regional property is supported by accurate data to determine the value of regional assets and determine the price for assets if they are sold.

Based on research conducted by Litasari (2018) entitled The Influence of Asset Inventory, Legal Audit and Asset Valuation on Optimizing the Utilization of Fixed Assets in the Regional Government of East Kolaka Regency, that asset valuation uses the correct asset valuation methods and principles, resulting in calculating the economic value of an asset assessed, so that the utilization of assets is more optimal.

## **CONCLUSION**

Based on the analysis of the literature reviews that have been carried out, it shows that some of the research results support the concepts and theories about asset management. All stages of asset management work are interconnected and interrelated. Research that has been studied, that the implementation of strategies for optimizing regional asset management include: asset inventory, legal audits, asset monitoring and control and asset valuation is good enough so that optimization of regional asset management increases

Optimal management of regional assets and utilization of regional assets has a very large contribution to the implementation of regional autonomy so that it can increase Regional Original Income (PAD).

The objectives of asset management are: clarifying the status of asset ownership, inventorying regional assets, optimizing the use and utilization of regional assets, managing assets in accordance with applicable laws and regulations and protecting the security of regional assets in a sustainable manner.

## **SUGGESTION**



In optimizing regional asset management, Human Resources (HR) are needed who are able to carry out the stages of asset management properly.

An independent appraisal team or consultant can play an active role in evaluating assets owned by the region, making it easier for the government to prepare a balance sheet and to measure the selling value of assets.

It takes the commitment of officers and related parties to generate benefits from managing these assets.

Determination of asset status by local governments must pay attention to standard asset needs, the number and condition of assets owned so that assets are properly inventoried.

## **REFERENCES**

- Arif Wicaksana, H (2021). Pengaruh Inventarisasi Aset Penggunaan Aset, Pengamanan dan Pemeliharaan Aset terhadap Optimalisasi Aset Tetap Tanah melalui Pemamfaatan Aset pada Pemerintah Kabupaten Malang. Publish : jurnal Ilmu Administrasi Publik, 1:14
- Garseth-Nesbakk, L., Haugdal, A.T., & Kjaerland, F (2019) Risk Talking in Local Governments Financial Investment Making. Journal of Accounting and Finance, 19 (2), 115-128
- Giglio, J.M., Friar, J.H., & Crittenden, W.F (2018). Integrating Life Cycle Asset Management In The Public Sector, International Journal Business Horizons Bushor 9:1476
- Grindle, M.S (1980). Politic and Policy Implementation in The third world. New Jersey: Princeton Universty Press
- Guironnet, A., Attuyer, K., & Halbert L (2016) Building Cities on Financial Assets: The Fiancialisation of Property Market ands its Implications for City Governments in the Paris City-Region. Urban Studies 53 (7) 1442-1464
- Halim, A dan Damayanti, T. 2007. Seri Bunga Rampai Manajemen Keuangan Daerah: Pengelolaan Keuangan Daerah Edisi Kedua. Yogyakarta: UPP STIM YKPN
- Martilla, John A. dan James, John C. 1977. Importance-Performance Analysis. Journal of Marketing. Vol 41. , pp. 77-79.
- Halim, A. 2013. Faktor-faktor yang Mempengaruhi Pengelolaan Aset Pasca Pemekaran Wilayah dan Pengaruhnya Terhadap Kualitas Laporan Keuangan Pemerintah di Kabupaten Tapanuli Selatan. Jurnal Ekonomi dan Bisnis.
- Kaganova O., & J. Telgarsky (2018). Management of Capital Assets by Local Government: An Assessment and Benchmarking Survey, International Journal of Strategic Property Management ISSN: 1648-9179 Volume 22 Issue:143-156
- Litasari, R.d (2018). Pengaruh Inventarisasi aset, Legal Audit dan Penilaian Aset terhadap Optimalisasi Pemamfaatan Aset Tetap pada Pemerintah Daerah Kabupaten Kolaka Timur. Jurnal Progres Ekonomi Pembangunan (JPEP) Vol. 3 No.2

- Norhina Kurniawaty, M.A (2018). Administration and Optimization of Fixed Assets at the Secretariat of Election Commision for West Java Province, Indonesia. *Journal of Accounting, Finance and Auditing Studies*, 87-104
- Peterson, G.E dan Kaganova,O. 2010. *"Integrating Land Financing into Subnational Fiscal Management"*. World Bank Policy Research Working Paper 5409. New York: World Bank.
- Peterson, G.E. 2006. "Land leasing and Land Sale as an Infrastructure-Financing Option". World Bank Policy Research Working Paper 4043. New York: World Bank.
- Sherly, H. K (2017). Pengaruh Inventarisasi, Legal Audit, Penilaian dan Kondisi Aset terhadap Optimalisasi Pemamfaatan Aset pada Pemerintah Daerah Kabupaten Bone Bolango. *Jurnal Riset Akutansi dan Auditing Goodwill* 8.2
- Siregar, D. D (2004). Manajemen Aset Strategi Penataan Konsep Pembangunan Berkelanjutan Secara Nasional dalam Konteks Kepala Daerah sebagai CEO pada Era Globalisasi dan Otonomi Daerah, Jakarta: Pt. Gramedia Pustaka Utama
- Stanly C.F. Tukunang (2016) Manajemen Aset Daerah pada Dinas Pendapatan Pengelolaan Keuangan dan Aset Daerah Kabupaten Kepulauan Siau Tagulandang Biar.
- Sukmini Hartati, dkk (2019) Manajemen Aset bagi Optimalisasi Pengelolaan Aset Tetap. *Jurnal Riset Terapan Akuntansi*:3 40-51
- Suseno, S.M (2018) Strategi Optimalisasi Aset Idle Daerah Provinsi Jawa Tengah. *Economics Development Analysis Journal* 7 (1), 32-38
- Undang-Undang Nomor 12 Tahun 2008 tentang Perubahan Kedua Atas Undang-Undang Nomor 32 Tahun 2004 tentang Pemerintahan Daerah
- Undang-Undang Nomor 32 Tahun 2004 tentang Pemerintah Daerah
- Undang-Undang Nomor 33 Tahun 2004 tentang Perimbangan Keuangan antara Pemerintah Pusat dan Pemerintahan Daerah
- Utami, Ema dan Sukrisno. 2005. Konsep Dasar Pengolahan dan Pemrograman Database dengan SQL Server, Ms.Access dan Ms.Visual Basic. Yogyakarta: Andi.
- Witter.E., Bitter.J. and Kasprzak.C., 2003, *"Asset Management and City Government"*. Proceeding of the 2003 Mid-Continent Transportation Research Symposium. Iowa State University.