

UDC 332

## ANALYSIS TOWARDS OPTIMIZING REGIONAL ASSET MANAGEMENT: A STUDY IN DEPARTMENT OF EDUCATION IN SALATIGA, INDONESIA

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### ABSTRACT

Asset is pivotal component for business administration and therefore, government staffs should use the principles and foundation of asset management as the references for optimum asset management. Regional government of Salatiga encounters several issues in managing their regional asset i.e. uncertified property (land), property ownership dispute, poor regional asset management information system, poor regional asset administration and less-informed human resources. The objective of the study was to describe and run analysis towards optimizing regional asset management in Department of Education in Salatiga and indicators of optimizing regional asset management in the institution. The qualitative study used Miles, Huberman and Salanda's interactive analysis technique. The findings were (1) Department of Education in Salatiga has not been able to optimize their regional asset management yet; (2) there are several regional asset management indicators the aforementioned institution has not met yet, namely the principle of legal certainty, accountability and value assurance.

### KEY WORDS

Optimization, Asset Management, Regional Asset

The regulations about Regional Government have created a change in regional government administration from centralized to decentralized governance. As the result, central government has less authority towards regional government administration and at the opposite, regional government has more authority to run their own administration.

It is important to run regional government administration in effective and efficient manner as it allows regional government to be accountable to the public. One of the elements to run effective and efficient government administration is to have effective financial management which involves regional asset management.

In general, regional government is facing some difficulty in regional asset management since there is discrepancy between regional asset management planning and administration, poor regional asset management, incomplete regional asset database. As the result, regional government is unable to identify and then utilize their assets in the future.

Regional government of Salatiga encounters some issues in terms of regional asset management similar to ones other regional government encounters. Some of the issues the regional government of Salatiga are facing are uncertified property (land), property ownership dispute, poor regional asset management information system, poor regional asset administration and less-informed human resources.

The objectives of the study were to describe and run analysis towards:

1. Optimization of regional asset management in Department of Education in Salatiga,
2. Indicators to measure Optimization of regional asset management in Department of Education in Salatiga.

### LITERATURE REVIEW

*Decentralization and Regional Autonomy* Based on the 2014 Decree number 23 on Regional Government, decentralization refers to a process in which central government gives some authority to regional government to run their own administration based on the

foundation of autonomy. Saragih (2003:42) explained the basic principle of regional autonomy is a process in which central government divides certain elements of government administration to smaller institution around the country (regional government) but at the same time central government is still responsible for the elements. Central government is responsible for supervision or issuing strategic regulations.

Asset. Hidayat (2012:4) stated that asset refers to an object or possession that is either physical or non-physical and belongs to an institution, organization, business or individual. In addition, Siregar (2004:178) postulated that asset, in general, refers to thing or anything with economic value or exchange value owned by a business, institution or individual. Asset can be classified into current assets, and non-current assets. The focus of the study was physical noncurrent asset or fixed assets in accounting. Jumingan (2009:19) mentioned that fixed asset refers to physical, relatively permanent asset which can be used in more than one annual regular operation and is bought to be sold again in the future.

*Regional Asset Management.* Regional asset management refers to a process of planning, implementation/utilization and supervision in managing previous assets or assets obtained from the regional budget and other legal methods to use in government administration or for public in professional, transparent, accountable, efficient and effective manner. Mardiasmo (2002:238-241) mentioned three basic principles in regional asset management, namely 1) planning, 2) implementation and 3) supervision. Soleh and Rochmansjah (2010:153) described that administration of regional asset management should meet the principle of public accountability, namely 1) accountability for probity and legality, 2) process accountability, and 3) policy accountability. Furthermore, Soleh and Rochmansjah (2010:157) argued that in order to have effective and efficient regional asset management administration, one should use the following foundations, namely foundation of functionality, assurance, transparency, efficiency, accountability and value assurance.

## METHODS OF RESEARCH

The study used qualitative approach. It focused on first, optimizing the regional asset management in Department of Education in Salatiga based on a) planning or how the institution made plan and budget for regional asset need, b) administration or transparency, law, process and policy accountability, c) supervision or who is responsible for supervising the asset management process and second, the indicators of the regional asset management optimization in the institution based on the principles of regional asset management administration, namely functionality, law certainty, transparency, efficiency, accountability and value assurance. The sampling method was purposive sampling while the sources of data were some informants and related documents. There were two types of data, primary and secondary. The data collection methods were interview, documentation and observation. The setting of the study was Department of Education in Salatiga, Central Java. Miles, Huberman and Salanda's interactive model was adopted as the data analysis method.

## RESULTS AND DISCUSSION

*Optimizing regional asset management in Department of Education in Salatiga.* In making the plan and budget, the institution had met the 2016 Decree of the Ministry of Domestic Affairs number 19 on Regional Asset Management Guidelines and the 2003 Regional Regulation number 9 on Regional Asset Management. *Rencana Kebutuhan Barang Milik Daerah* (RKBMD) from each working unit in the institution became the basis for designing the plan and budget.

Hidayat (2012:25) stated that every time a public institution made plan to obtain an asset, the plan should be documented in *Rencana Kebutuhan Barang Milik Daerah* (RKBMD). Furthermore, Soleh and Rochmansjah (2010:164) stated that there are several consideration a public institution should make before obtaining an asset, namely a) asset should be used to facilitate function and task of each working unit; b) match type and number of assets each working unit need. The number of assets should meet number of employees

and responsibilities an institution has; c) replace damaged, removed, sold, lost goods or dead individuals or other accountable reason, d) type and number of assets match individuals responsible for them, e) match total number of assets/ inventory an institution needs, and f) growth of technology.

In the process of making plan and budget, the Department of Education has met the 2016 Ministry of Domestic Affair Decree number 19, the 2003 Regional Regulation of Salatiga number 9 and *Rencana Kebutuhan Barang Milik Daerah* (RKBMD). It is in accordance with Hidayat (2012) and Soleh and Rochmansjah (2010). In conclusion, in terms of planning, the Department of Education in Salatiga has been able to optimize their regional asset management.

The first is transparency and legal accountability. Despite of the 2016 Ministry of Domestic Affair Decree number 19 and the 2003 Regional Regulation of Salatiga number 9, the institution has not yet been able to meet the requirement of the transparency and legal accountability. In order to ensure transparency, the institution submitted a document called *Berita Acara Serah Terima* (BAST). However, there are some issues in terms of legal accountability i.e. land and building dispute and uncertified land.

Soleh and Rochmansjah (2010: 153) argued that transparency is related to methods that prevent abuse of authority and assets by certain staffs while legal accountability is related to compliance towards law and regulation. Legal accountability can also mean that regional assets should have clear legal status to prevent abuse and claims. The institution has not yet been able to fulfill these two types of accountability. To ensure transparency, the institution submitted a document called *Berita Acara Serah Terima Barang* (BASTB) but they are unable to meet the legal certainty because there are some property dispute and uncertified land. Referring to Soleh and Rochmansjah (2010)'s definition of transparency and legal accountability, Department of Education of Salatiga has not been able to meet the requirement of both types of accountability.

The second is process accountability. There was some delay in administration and the regional asset management report.

Soleh and Rochmansjah (2010: 153) suggested that process accountability is associated to compliance of procedures used in regional asset management. In the implementation, there are some issues in terms of administration even though the asset management process has been based on the existing regulations. The issues were the reports were not valid and there was some delay in administration because of lacking number of human resources. Therefore, based on Soleh and Rochmansjah (2010)'s idea of process accountability, Department of Education of Salatiga has not been able to meet process accountability.

The third is policy accountability. The institution was not able to make reports accountable for both the public and the Regional House of Representative because it has not established sufficient information system. Department of Education of Salatiga was still making their report using Microsoft Excell that is more prone to error than computerized system.

Soleh and Rochmansjah (2010: 153) argue that policy accountability is related to regional government's responsibility to the Regional House of Representatives and public on the policies related to planning, procurement, distribution, utilization, maintenance and removal of regional asset. Furthermore, Mardiasmo (2004: 240) explained that local government should have or develop a comprehensive and reliable management information system as a tool for decision making. Such information system can support effective, efficient and transparent regional asset management. Information system for regional asset management contains a database of assets owned by particular regional government, so that it is useful for generating accountability reports. The report the aforementioned department made was not accountable yet and therefore, it has not been able to fulfill Soleh and Rochmansjah (2010) and Mardiasmo (2004)'s definition of policy accountability.

Based on the findings, *Pengguna Barang* and *Kuasa Pengguna Barang* have met the existing requirements. However, there are some issues in terms of supervision and as the

effect, there are some delays in the administration processes. The indicator is that the institution has high value of *Catatan Ada Barang Tidak Ada* (CABTA) or non-existed goods.

Soleh and Rochmansjah (2010: 120) states supervision is a set of activities or actions to ensure that implementation of an activity match goals and plans that have been set. Soleh and Rochmansjah (2010) also explained that supervision in the implementation of non-flexible asset management should be done starting from planning to removal of assets. Despite of the existing regulations, the institution is still lacking of administrative control (supervision). Thus, based on Soleh and Rochmansjah (2010)'s idea of supervision, Department of Education of Salatiga has some issues in terms of administrative supervision.

*Indicators that Measure Regional Asset Management Optimization in Department of Education in Salatiga.*

Principle of Functionality, Head of the institution is the decision-maker and different institutions participate in problem-solving process. However, the Head of the Institution as the user is the one making final call in terms of regional asset management.

It is in line with Soleh and Rocmansjah (2010:157) that decision-making and problem-solving related to regional asset management becomes responsibility of supervisor of user, user, manager and Head of Regional Government based on their own function, authority and responsibilities for the assets. Based on the findings, Department of Education of Salatiga has met the principle of functionality.

Principle of Legal Certainty, despite of the existing the regulations, the institution is still dealing with certain issues, such as land and property dispute and uncertified land.

Based on the findings, the institution has not been able to meet Soleh and Rocmansjah (2010:157)'s idea of legal certainty. Law and regulation are supposed to become the bases for regional asset management. In conclusion, the institution has not been able to meet the principle of legal certainty.

Principle of Transparency, in terms of transparency, Department of Education has established *Layanan Pengadaan Secara Elektronik* (LPSE), a website describing value of assets, balance sheets and financial report of the institution.

It is in line with Soleh and Rocmansjah (2010:157) that the management of local property must be transparent to the right of the people in obtaining the correct information. In conclusion, the institution has been able to meet the principle of transparency.

Principle of Efficiency, *Rencana Kebutuhan Barang Milik Daerah* (RKBMD) is the reference in planning the regional assets each working unit in Department of Education needs.

This is in accordance to Soleh and Rocmansjah (2010: 157)'s idea that management of regional assets is directed to utilization of regional assets to match need of an institution or a region. In conclusion, the institution has been able to meet the principle of efficiency.

Principle of Accountability, Department of Education periodically reports to *Pengelola Barang* (Regional Secretary) through Regional Financial Agency. However, each working unit of the institution is unable to make accountable report due to lacking human resources.

Based on the findings, the implementation of the regional asset management in the institution did not match Soleh and Rocmansjah (2010: 157)'s idea of accountability that regional government is accountable to the public towards the assets they are responsible for. In conclusion, the institution has not been able to meet the principle of accountability.

Principle of Value Assurance, Department of Education regularly conducts inventory, validation, and reporting of regional assets, but there was discrepancy between the value and the number of assets due to human errors. The staffs' understanding in administration of regional asset management is lacking.

Based on the findings, the institution has not been able to meet Soleh and Rocmansjah (2010:157)'s idea of value assurance as there is discrepancy between the number and value of the assets the institution is responsible for. In conclusion, the institution has not been able to meet the principle of value assurance.

## CONCLUSION

Optimizing regional asset management can be seen based on:

*Planning.* It refers to whether or not the process of planning and budgeting on the regional asset the institution needs has met the existing procedures. The process (planning and budgeting) should meet types and number of regional assets every working unit and Department of Education in Salatiga need.

*Implementation.* The first is the implementation related to transparency and legal accountability. Even though the implementation process has met the existing requirements, there are some issues related to legal accountability, uncertified property and property (land) dispute. The second is related to process accountability. The implementation has not been able to meet the process accountability due to some delay in administration and regional asset report. It happens because of lacking number of human resource responsible for these issues. The third is related to policy accountability. The implementation process has not been able to meet the third type of accountability either because the information and report the institution made are not yet valid. It happened because information system for the regional asset management has not been established yet and there is some delay in establishment of the information system.

In terms of supervision, the institution has yet been able to supervise the regional assets they are responsible for. As the effect, the institution found it difficult to list the assets the regional government trust them to manage.

Based on the indicators and the foundation of regional asset management administration, the Department of Education of Salatiga has not yet been able to optimize the regional asset management they are responsible for. First, the institution has not been able to meet legal accountability since there are several uncertified land and school buildings. The second is that the institution has not been able to meet the foundation of accountability as the reports on the assets they made are not reliable yet. The third, the institution has not been able to meet the foundation of value assurance because there are several errors in reporting the type, number and value of assets the institution is responsible for.

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