

UDC 331

ASSET MANAGEMENT EFFECTIVENESS AT THE EDUCATION OFFICE OF ALOR REGENCY, INDONESIA

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ABSTRACT

This study aimed to analyze and describe the effectiveness of asset management at the Education Office of Alor Regency. This descriptive study was conducted with a qualitative approach at the Education Office of Alor Regency, focusing on the effectiveness of asset management. Purposive sampling was also done to determine the informants of this study. As for the primary and secondary data, this study carried out interviews, documentation, and observations. The data analysis employed the data analysis technique from Miles and Huberman. The results showed that asset management at the Education Office of Alor Regency is ineffective. This was due to the administration of regional properties that were not carried out following the prevailing regulation resulting in delays in submitting semiannual and annual user reports to the assets manager. Therefore, there is a postponement in preparing regional financial statements or balance sheets.

KEY WORDS

Effectiveness, management, asset.

The delays of Organizations of Local Officials (*Organisasi Perangkat Daerah - OPD*) (in the scope of Alor Regency) in submitting the Semiannual User Assets Report (*Laporan Barang Pengguna Semesteran - LBPS*) and Annual User Assets Report (*Laporan Barang Pengguna Tahunan - LBPT*) to the Regional Finance and Asset Office of Alor Regency is illustrated in this following table:

Table 1 – The Progress of LBPS/LBPT Report Submission from 5 (five) Large OPDs in Alor Regency (2020 Draft State Budget)

No	Name of OPD	Delay Category			Note
		Good	Acceptable	Not Good	
1	Education Office			√	
2	Health Office		√		
3	Public Works and Housing Office		√		
4	Regional Hospital		√		
5	General Affairs of Regional Secretariat		√		
6	Other 57 OPD				

Source: Data of Regional Finance and Asset Office of Alor Regency.

Table 2 – The Progress of LBPS/LBPT Report Submission from Education Office of Alor Regency (2016 – 2020)

No	Year	Delay Category			Note
		Good	Acceptable	Not Good	
1	2016			√	
2	2017			√	
3	2018			√	
4	2019			√	
5	2020			√	

Source: The Data of Regional Finance and Asset Office of Alor Regency.

From Table 1 above, it can be seen that there is a delay in the submission of LBPS and LBPT from the Education Office of Alor Regency to the Regional Finance and Asset Office of Alor Regency. Therefore, this study portrays the situation in the last 5 (five) years (2016-2020) in Table 2.

Tables 1 and 2 show that the Education Office of Alor Regency submitted the LBPS and LBPT to the Asset Department of Regional Finance and Asset Office of Alor Regency in 2016-2020 behind schedule. Therefore, the delay is categorized into 3 (three) categories, namely good (meet the specified time limit), acceptable (past a week from the specified time limit), and not good (past two weeks from the specified time limit).

The delay of the Education Office of Alor Regency in submitting LBPS and LBPT is a failure in asset management. This happens due to the management of assets whose value is quite significant. Other factors might influence it so that there is a delay in submitting LBPS and LBPT. The value of assets managed by the Education Office of Alor Regency and several other OPD can be seen in the following table:

Table 3 – Value of Assets Managed by 5 (five) Large OPDs in Alor Regency (2020)

No	Name of OPD	Value of Assets	Note
1	Public Works and Housing Office	IDR 1,301,461,209,714,-	
2	Education Office	IDR 395,433,949,226,-	
3	Health Office	IDR 332,670,093,715,-	
4	Regional Hospital	IDR 122,289,663,890,-	
5	General Affairs of Regional Secretariat	IDR 98,829,264,748,-	

Source: *The Data of Regional Finance and Asset Office of Alor Regency.*

Table 3 shows that the Public Works and Housing Office of Alor Regency is a local organization that manages the most considerable value of assets or goods. However, unlike the Education Office of Alor Regency, this OPD is punctual in submitting LBPS and LBPT.

The delay of the Education Office of Alor Regency submitting LBPS and LBPT attracted our attention to conduct this study. We intended to analyze and describe the effectiveness of asset management at the Education Office of Alor Regency.

LITERATURE REVIEW

To maintain the authenticity of the study, we convey the gap from previous studies:

Table 4 – Previous Studies

Name of Researcher	Title of Study	Research Variables	Results
1	2	3	4
1. Azhar Postgraduate Accounting Thesis, Universitas Syiah Kuala (2013)	The Influence of Local Officials, Regulations, and Information Systems on Asset Management (Study on the Regional Working Units of Banda Aceh City Government)	Independent: Quality of Local Officials (X_1), Regulations (X_2), and Information Systems (X_3) Dependent: Asset Management (Y)	Simultaneously, the quality of local officials, regulations, and information systems have affected asset management. Partially, the quality of local officials does not affect asset management. While on the other hand, regulations and information systems are found to significantly affect asset management.
2. Erizul Journal of Development Administration, Vol.2, No.2 March (2014)	The Implementation of Regional Fixed Asset Management	Independent: Commitment (X_1), Human Resources (X_2) Dependent: Regional Fixed Asset Management (Y)	The implementation of regional fixed asset management in the Department of Revenue, Financial, and Asset Management of Kampar Regency has not been optimal. The most dominant factor influencing asset management is commitment and human resources.

Source: *Data processed by researchers.*

Table 4 shows that this study also examines the concept of asset management but in a different location, time, subjects, targets, and variables. Therefore, it will undoubtedly generate different results from the previous studies above.

Effectiveness

Atmosoeprapto (2002) says that effectiveness is doing the right thing while efficiency is doing things right. In other words, effectiveness is the extent to which people achieve their goals, while efficiency is how people use all resources carefully. It is argued that effectiveness is the relationship between output and goals which means that the greater the contribution of the output to the achievement of goals, the more effective the organization, program, or activity (Mahmudi, 2002). Effectiveness focuses on outcomes, programs, or activities considered effective if the output produced can meet the expected goals or is said to be “*spending wisely*”.

From some of the opinions above, it can be concluded that effectiveness is a measure that states how far the targets (quantity, quality, and time) have been achieved by management.

According to Gibson (1985), the concept of organizational effectiveness can be divided into three perspectives: individual, group, and organizational effectiveness.

- a. Individual Effectiveness: this perspective emphasizes the implementation of individual duties and responsibilities as an employee of an organization. The success of individual achievement is closely related to group work because individuals in an organization must be directly related to a group.
- b. Group Effectiveness: this perspective focuses on the performance of a group of workers. In this context, an individual is a “teamwork” where a task must be done as a group, not individually.
- c. Organizational Effectiveness: organizational effectiveness is the result of individual and group effectiveness. This effectiveness can exceed the output of individual and group effectiveness, meaning that the organization can obtain a higher level of achievement than the output of each achievement.

Asset Management

Asset management is the effective way of managing individuals or organizational assets to achieve certain goals. Gima Sugiana (2013) mentions that asset management is the science and art of guiding asset management; it includes planning, obtaining, taking an inventory, conducting legal audits, assessing, operating, maintaining, renewing, or eliminating assets to transferring them effectively and efficiently.

In managing the assets of an organization, some cycles must be carried out sequentially so that the final management process can function optimally. Referring to Gima Sugiana (2013), these are the stages of the cycle: (1) Asset Requirement Planning, (2) Asset Procurement, (3) Asset Inventory, (4) Asset Legal Audit, (5) Asset Operation and Maintenance, (6) Asset Assessment, (7) Asset Disposal and Transfer, and (8) Asset Renewal.

Asset management is a management activity in funds administration intended to improve control or supervise fixed assets so that the assessment of fixed assets can be adjusted to fair value. Meanwhile, according to Siregar and Doli D (2002), asset management is a profession or skill that is not yet fully developed and popular in the government, work units, or agencies.

Asset management is an inseparable part of financial management. It is generally related to the administration of regional development, especially concerning asset values, asset utilization, regional annual balance sheets, and setting priorities in development.

The purpose and objective of asset management are to achieve the best possible match between the available assets and the strategy of the entity (organization) effectively and efficiently. This includes the entire cycle from planning and budgeting to coaching, monitoring, controlling, and managing the associated risks and costs.

METHODS OF RESEARCH

In this study, we used a descriptive method with a qualitative approach at the Education Office of Alor Regency, focusing on the effectiveness of asset management. Moreover, a purposive technique was carried out to determine the informants of this study, namely: (1) the Head of Education Office of Alor Regency, (2) the Secretary of Education Office of Alor Regency, (3) the Head of General Affairs and Equipment Department at the Education Office of Alor Regency, (4) the Assets Manager at the Education Office of Alor Regency, and (5) School Principal (additional informant). The data in this study were primary and secondary data collected through interviews, documentation, and observation. Whereas, for the data analysis, we adopted a technique from Miles and Huberman (2007).

RESULTS AND DISCUSSION

The Effectiveness of Asset Management Cycle at the Education Office of Alor Regency

The analysis of asset management cycle effectiveness at the Education Office of Alor Regency is as follows:

a) Planning and Budgeting:

The process of planning and budgeting the needs for regional assets at the Education Office of Alor Regency is carried out through the preparation of the Regional Working Units Budget Plan (*Rencana Anggaran Satuan Kerja Perangkat Daerah - RKASKPD*) is still ineffective. Therefore, to obtain effective planning and budgeting, the mechanism or procedure must begin with the preparation of the Assets Requirement Plan (*Rencana Kebutuhan Barang Unit - RKBU*), which starts with the Assets User Authority (school) and proceeds to the Assets User (Education Office). After that, the Assets User sends it to the Assets Manager through the Assets Manager Assistant and collects the planned needs of each Assets User Authority as the Regional Assets Needs Plan (*Rencana Kebutuhan Barang Milik Daerah - RKBMD*). Then, the Assets Manager reviews the RKBMD proposal with the Assets User by taking into account the assets data of the Assets User and/or Manager. That way, the effectiveness of the RKBMD can be realized if it is carefully prepared by referring to regional development directions and policies and by paying attention to the applicable standards and provisions. Besides, it needs relevant analytical techniques to determine priorities and develop more efficient innovations.

From here, it can be said that to formulate effective planning and budgeting, RKBMD must be prepared and included in the RKASKPD after paying attention to the availability of regional assets and referring to the standard quality and price.

b) Procurement:

Procurement of regional assets is an activity of the Regional Working Units (*Satuan Kerja Perangkat Daerah - SKPD*), starting from planning until the completion of all activities to obtain assets/goods/services. The mechanism for effective procurement must be based on principles of (1) efficient, (2) effective, (3) transparent, (4) competitive, (5) fair, and (6) accountable.

In the procurement activities, the Education Office of Alor Regency must pay attention to the procedures and principles mentioned above. In addition, it must comply with the ethics of goods procurement as follows:

1. Perform tasks in an orderly manner and a sense of responsibility so that the procurement targets can be achieved smoothly and accurately.
2. Work professionally and independently based on honesty and maintain the confidentiality of certain procurement documents to prevent irregularities in procuring goods/services.
3. Not persuade each other directly or indirectly to prevent and avoid unfair competition.
4. Accept and be responsible for all decisions made following the agreement of related parties.

5. Avoid and prevent conflicts of interest between related parties, either directly or indirectly, in the procurement process.
6. Avoid and prevent waste and leakage of state finances in procurement.
7. Avoid and prevent abuse of authority and/or collusion with the aim of personal advantage that directly or indirectly harms the State.
8. Not accepting, not offering, and not promising to give and receive gifts or rewards to anyone known or reasonably suspected to be related to the procurement of goods/services.

c) Usage:

The mechanism to determine the status of regional assets usage at the Education Office of Alor Regency starts with the Assets User, who submits a request to the Regent for the determination of regional assets usage from the Regional Revenue and Expenditure Budget (*Anggaran Pendapatan dan Belanja Daerah* or APBD) and other legitimate incomes. Then, the Regent issues a decree to determine the status of regional assets usage.

This mechanism has run well, although the span of control is wide—so far, it can still be overcome so that the use of regional assets in the Education Office of Alor Regency can go according to plan.

d) Utilization:

The mechanism for utilizing regional assets is based on technical considerations by considering the region's interests and the public. Therefore, the mechanism can be carried out as long as it does not interfere with the duties and functions of regional government administration.

The mechanism for the utilization of regional assets at the Education Office of Alor Regency has been implemented effectively because it follows the applicable laws and regulations. For example, the office of the Technical Implementation Unit (*Unit Pelaksana Teknis* - UPT) of the Education Office can be rented or used because the building is no longer used for regional government administration.

e) Security and Maintenance:

The maintenance of regional assets at the Education Office of Alor Regency is conducted according to the level of damage, while the budget is planned based on the maintenance needs. However, that mechanism has not been fully carried out effectively because it is done without using a maintenance card as a control tool. Therefore, an effective way that must be arranged by the Education Office of Alor Regency is to have the Assets Administrator register every maintenance activity in the maintenance card by referring to the maintenance requirements plan. The maintenance card should contain: (a) the name of the item; (b) the specifications; (c) the date of maintenance; (d) type of work or maintenance; (e) the goods or materials used; (f) maintenance costs; (g) the subject performing the maintenance; and (h) other needs. Based on the information on regional assets listed in the maintenance card, the Assets Administrator can summarize the maintenance results and report it to the Assets Manager periodically as an assessment material regarding the efficiency of regional assets maintenance.

f) Assessment:

The Education Office of Alor Regency as the Assets User and Manager has nothing to do with the regional asset assessment process because it is carried out directly by the Assessment Team based on the stipulation of the Regent. The Education Office of Alor Regency is only in charge of preparing a list of reports of assets within the Education Office of Alor Regency to be assessed by the Assessment Team. Therefore, the delegation of authority from the Education Office of Alor Regency to the Assessment Team is the proper thing to do because it is fully the authority of the Assessment Team to get a fair value.

g) Transfer:

The transfer of regional assets owned by the Education Office of Alor Regency is performed through the Regional Finance and Asset Office of Alor Regency based on a

proposal from the Education Office of Alor Regency for regional-owned assets that have met the provisions and followed the applicable laws and regulations. That is done by applying to the Regent regarding the assets to be transferred for assessment and approval. Besides that, the transferred regional are removed from the inventory list based on the decision of the Regent.

h) Destruction:

The process of destructing regional assets within the Education Office of Alor Regency has been carried out properly because it has been proposed to the Regent for approval, which begins with an assessment by the Assessment Team to meet the terms and conditions of destruction.

i) Elimination:

The process of eliminating regional assets at the Education Office of Alor Regency is done by taking into account the following considerations: (1) severely damaged, affected by natural disaster (force majeure), (2) cannot be used optimally (idle), (3) transfer of regional assets, (4) dead, for plants or animals/livestock, (5) loss or lack of treasury, (6) a court decision that has permanent legal force and no other legal remedies are available, (7) law provisions, and (8) destruction, or other causes.

j) Administration:

The administration of regional assets conducted by the Education Office of Alor Regency has not been carried out effectively. This happens because of lacking coordination between the Treasurer and Assets Administrator and the absence of stocktaking regarding regional assets within the Education Office of Alor Regency. In addition, due to limited resources, to obtain an effective regional assets administration process, the Treasurer and Assets Administrator must build good coordination and communication in terms of spending and registering goods in the inventory book and must perform stocktaking regularly so that the current conditions and situations of the regional assets can be identified, and must put authorized officers as Assets Administrator at schools (Assets User) so that they can assist the Assets User in submitting annual and semiannual reports to the Assets Manager.

k) Guidance, Monitor, and Supervision:

The mechanism for guiding, monitoring, and supervising the management of regional assets at the Education Office of Alor Regency is carried out by the Head of the Education Office of Alor Regency as the Assets User, who is authorized to guide the management of regional assets. Guiding is carried out through guidelines, coaching, training, and supervision.

The Assets User carries out the mechanism for monitoring and controlling the management of regional assets. These authorized parties monitor and control the use, utilization, transfer, administration, maintenance, and security of regional assets.

With the guidance, monitoring, and control of the Head of the Education Office of Alor Regency, the regional assets management can run effectively and efficiently. The Assets User implements effective monitoring and control by asking the government's internal control officials to demonstrate a follow-up audit. After that, Assets Users will follow up on the audit results following prevailing laws and regulations.

CONCLUSION

Based on the results discussed above, it can be concluded that asset management at the Education Office of Alor Regency is still ineffective. This ineffective implementation of management occurs due to the administration of regional assets that are not carried out following the advised mechanisms, so there is a delay in submitting the Semiannual User Assets Report (*Laporan Barang Pengguna Semesteran* - LBPS) and Annual User Assets Report (*Laporan Barang Pengguna Tahunan* - LBPT) to the Assets Manager. As a result, the preparation of regional financial statements or balance sheets also experienced a postponement. The incompatibility in the mechanisms or procedures can be seen in the management of regional assets—an important aspect that needs serious concern but is not

carried out properly in the Alor Regency. As stated in the Regulation of the Minister of Home Affairs number 19 of 2016 regarding Guidelines for the Management of Regional Assets, the administration is a series of activities that include bookkeeping, stocktaking, and reporting of regional assets following the applicable laws and regulations.

Suggestion

It is suggested to conduct a training or socialization on the procedures for managing regional assets to Assets Users, Assets Managers, and all parties involved in the management of regional assets at the Education Office of Alor Regency to increase the effectiveness of asset management at the Education Office of Alor Regency. Therefore, they are expected to provide adequate knowledge about the correct procedures for managing regional assets in accordance with applicable laws and regulations.

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