EFFECTIVENESS OF ASSET MANAGEMENT IN THE PUBLIC SECTOR WITH THE APPLICATION OF ASSET MANAGEMENT, ACCOUNTABILITY, MONITORING AND EVALUATION, AND QUALITY OF HUMAN RESOURCES
(Case Study in Government of Blitar City-East Java)

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Abstract: The purpose of this study is to find out the effectiveness of asset management conducted by Blitar Government using quantitative methods. The type of research used was explanatory research, which explains the effect of Asset Management, Public Accountability, Monitoring, and Evaluation on the Effectiveness of Regional Asset Management that is moderated by Human Resources (HR). Data taken in this research were primary data, secondary data. Those were analyzed using PLS (Partial Least Square), a variance-based structural equation analysis (SEM) that can test the measurement model simultaneously as well as a structural test model. The results of this study indicate that the implementation of asset management affects the effectiveness of asset management. Monitoring and evaluation are important parts of good management practices; therefore, they were an integral part of management.

Keywords: Effectiveness of asset management, asset management, public accountability, monitoring and evaluation, human resources.


In the last few decades, the public sector across the world was carrying out reforms rapidly. Reformation in the public sector does not only occur in developed countries but also developing countries. Developing countries in Asia, such as Indonesia, are actively reforming their public institutions (Mahmudi, 2007). In the public sector, there is an asset management component. Based on observation, although asset management has developed quite rapidly and globally, in
the scope of local government in Indonesia, regional asset managers have not fully understood asset management (Siregar, 2004).

Regional Asset Management covers 5 (five) activities, namely Asset Inventory, Legal Audit, Asset Valuation, Asset Optimization, and Development of Asset Management Information System (SIMA). The management of those five activities is interconnected and integrated. Regional Asset Management is the implementation of asset management or Regional Property (BMD) based on the basic principles of asset management to the management of regional property by following the basic policies regulated under the Law, Government Regulations, Presidential Regulation, Decree of Minister, and other decrees.

Asset management is a systematic process for maintaining, renewing, and operating at an efficient cost. Asset management also combines the principles of engineering and the sound practice of economic and business theory. Asset management is also a process of request and acquisition guidance to provide services in managing risks and costs for a lifetime of the asset. Moreover, Asset Management is a comprehensive strategy in managing people, information, and technology effectively and efficiently by allocating the available funds to meet the needs of valuable and empowered assets.

Asset management implementation is a change of approach that can provide all the information and analytical tools which are required to manage the existing assets to be more effective and meet both current and future needs. In English, management means managing, organizing, implementing, or treating (Echols, 2004 in Hidayat, 2004).

According to Siregar (2004), Asset Management is an asset inventory that consists of two aspects, that are physical and legal inventory. The aspects of physical inventory consist of shape, area, location, volume/ amount, type, address, and others. Legal inventory is the status of ownership, legal problems that one is facing, and the deadline for mastery. The work process is by registering, labeling, and clustering administratively according to asset management.

Mardiasmo (2004) explained that the Regional Government needs to know the amount and value of the wealth of the region, both those who are currently controlled and those who are still in the form of potentials that have not been controlled or utilized. Therefore, regional governments need to identify and inventory the value and potential of regional assets. Identification and inventory are aimed to obtain accurate, complete, and up-to-date information on regional assets owned or controlled by the Regional Government.

According to Peter and Gary (1995), to build effective regional asset management, it is necessary to carry out regular monitoring and evaluation. Monitoring and evaluation have the same value as the planning. According to Conor (1974) in Siregar (2002), the success in achieving goals is determined by plans that have been determined from the supervisory or monitoring function. In general, management emphasizes the importance of these two functions, namely planning and monitoring. Monitoring and evaluation are important parts of good management because it is an integral part of daily management. Dunn (2003) in Anonymous (2009), stated that the purpose of monitoring and evaluation is to see the characteristics of a person in an event or object of activity that can be expressed with different data in achieving the goals of a particular organization.

Monitoring is carried out to present information about program implementation as feedback for program managers and implementers. This information should provide input for the authorities to a) re-examine the strategies of program implementation as planned, after comparing with the reality on the field; b) find the problems related to the program implementation; c) find out the supporting factors and obstacles to the program implementation.

Program evaluation is one of the functions of program management. Program evaluation is carried out on the whole or a part of program elements as well as on program implementation. Evaluation is an important activity to find out whether the objectives that have been set can be achieved or not, whether the program is in accordance with the plan.
or not, as well as the impacts that may occur after the program is implemented. The entire activities in the management of regional assets are inseparable from the quality of responsible human resources.

Human resources (HR) are all people, as residents or citizens of a country or certain area, who are in working age, both those who have and have not gotten a job (unemployed), officials and quality staff who are needed by agencies so that they still be able to compete and have quality human resources. Researchers, Mondy & Noe (1990) in Handoko (1995) and Dessler (1997) in Handoko (2000), stated that in the micro sense, human resources are human beings or people who work or become members of an organization called personnel, employees, workers, and others. Qualified and intelligent human resources have several characteristics, as follows:

1. Added Values (have added value, skills, professionalism)
2. Abstraction System Thinking (can think rationally, abstract a problem systematically through objective scientific approach)
3. Experimentation and Test (can think based on data and in several perspectives)
4. Collaboration (can make collaboration and synergy)

The asset management or goods management is an inseparable part of financial management. In general, it is related to development administration, specifically with the value of assets, the use of assets, and the record of asset value in the government’s annual balance sheet. In 2007, LAN (State Administration Agency) stated that Asset Management consists of 5 (five) related work stages, namely: 1) Asset Inventory, 2) Legal Audit, 3) Asset Valuation, 4) Asset Optimization, and 5) Development of Asset Management Information System (SIMA). Related to realization of Good Governance, which is the main agenda of reforms that should be carried out consistently by local governments, the community demands good accountability and transparency in the management of regional property or assets. Meanwhile, in improving the performance of regional governments in the management of regional property, we need have an eye to the principle of management based on performance budget and the administration of regional property based on applicable standards of government accounting.

Financial and asset reports reveal many things, including cash flow statements, budget realization, and balance sheet, as regulated in Government Regulation Number 4 of 2005 on Governmental Accounting Standards. The influence of asset management may be ineffective due to several reasons as follows: 1) security and maintenance of assets; 2) asset valuation; 3) write-off of assets; 4) asset transfer; 5) administration of assets; and 6) guidance, supervision, and control of assets. Ineffective management in Blitar City may occur because the work unit or SKPD does not report regional assets to the Blitar City Regional Financial and Asset Management Agency (BPKAD) well; therefore, the assessment team of BPK RI considers that the management of regional assets is not fully effective.

Dian Rosdiana (2011) researched The Effect of Asset Management Implementation. This study aims to examine the implementation of asset management and empirically examine its effect on the fairness of fixed assets in the balance sheet of local government in West Java Province. This research shows that asset management has been carried out according to regulations. Nevertheless, the asset recording unit and the financial management unit are still separated, resulting in the integration of goods and cash flow.

So that the expenditure or investment in regional property is not wasteful, then every purchase of the regional property should be based on several criteria as follows: 1) List of regional property needed, 2) List of requirements according to the Budget Execution Document or DPA. To facilitate the inspection of purchased goods, an accounting system for the purchase or investment of regional property in the Government Agency (Kepmendagri No. 17 of 2007) must be established. The asset management system will face difficulties if the goods being managed or maintained are not in accordance with the standard of goods specified in the Budget Execution Document (DPA). This will also be a major
obstacle when the concerned parties take responsibility for the item in question.

In the management of Regional Assets, the Government of Blitar City needs to develop an effective system and bring order to assets as regional inventories to hold regional heads accountable to the public as well as to the nation. It is time to build a transparent regional asset management system, especially in terms of asset reports and applications that have a connection in terms of administration and or the physical condition of goods on an ongoing basis until the financial inspection which is conducted by the Audit Board of The Republic of Indonesia (BPK). State assets in the Government of Blitar City should be secured, maintained, and controlled both administratively and physically. Also, it is necessary to improve the existing asset inventory system to obtain good financial statements and regional assets.

To ensure the orderly administration and orderly management of regional assets, it is necessary to have equality and integrated steps of the elements involved in regional asset management. Therefore, in managing regional property or assets, they need to pay attention to the following principles; 1) Functional principles, namely decision making and problem-solving. They are carried out by the authority of the user of the goods and the manager of the goods, such as Head of Region, Governor, Regent, and Mayor, in accordance with their respective functions, authorities, and responsibilities. 2) The principle of legal certainty. The management of goods must be carried out based on existing laws and regulations. 3) The principle of transparency. The management of goods must be transparent in terms of the rights of the community in obtaining correct information. 4) The principle of efficiency. The management of regional property must be used in accordance with the standards of goods requirements to carry out the main tasks of government optimally. 5) The principle of accountability. Every activity in the management of regional property can be held accountable to the people. 6) The principle of value certainty. The management of regional property must be supported by the accurate amount and value of regional assets that exist in the optimization of the use and transfer of goods and the preparation of the government’s balance sheet (Government Regulation Number 6 of 2006).

In this research, the researchers want to test the effectiveness of asset management conducted by the Government of Blitar City by using quantitative methods. Through quantitative methods, researchers are expected to be able to reveal and explore in-depth information about assets. The Government of Blitar City has received the title of WTP (Fair without Exception) in LKPD (Local Government Financial Report). There is a recommendation by the Audit Board of The Republic of Indonesia (BPK) related to findings in the Government of Blitar City, that is the Government of Blitar City has not recorded and traced assets from BOS funds (School Operational Assistance). If the Government of Blitar City does record and report the assets correctly, there will be no data available on the accountable balance sheet. Also, it is important to remember that assets are an inseparable element in the balance sheet.

METHOD

This type of this research is explanatory research, which explained the effect of the variable Implementation of Asset Management, Public Accountability, Monitoring and Evaluation on the Effectiveness of Regional Asset Management, which is moderated by Human Resources (HR). The approach used was quantitative.

The population involved in this study was the entire work units or SKPD in the Government of Blitar City (83 units). The object of this study was narrowed down to 9 institutions in the Blitar City Government. The researchers believe that those institutions have problems with recording and bookkeeping assets, namely the Office of Education and Culture, 2 High Schools, 2 Vocational Schools, 2 Middle Schools, UPTD Education, BPKAD. The respondents are heads of work units or Heads of SKPD, Treasurers of regional properties (assets), and SKPD Staff. The phenomenon under study is the Regional Asset Management of the Government of Blitar City from 2010 to 2015.
The researchers took three respondents from each SKPD (Head of SKPD, Treasurer of assets, and one staff) except for BPKP, in which the researchers took ten respondents, namely Head of SKPD, Asset Treasurer, three staff and 1 Secretary, 4 Division Heads. The total respondents for nine institutions were 34 people.

The data used in this study were secondary data, which were collected from the Regional Assets Report and the accountability report of the Mayor of Blitar City from 2010 to 2015, while the primary data were obtained from the first source based on the results of questionnaires.

Data taken include a balance sheet, regional head reports, SKPD reports on regional assets, and the report of BPKAD. The data that are processed include the Implementation of Asset Management, Public Accountability, Monitoring and Evaluation, Human Resources, and the effectiveness of regional asset management. Those are secondary data. The research location was in Blitar City. This research was conducted for three months or 90 days, from September 2 to November 30, 2016.

In this study, the data was analyzed using SmartPLS software version 2.0.m3, which is run with a computer as the media. PLS (Partial Least Square) is a variance-based structural equation analysis (SEM) that can simultaneously test measurement models as well as structural model testing. The measurement model is used to test the validity and reliability, while the structural model is used to test causality (hypothesis testing with predictive models).

PLS is an analysis method that is soft modeling because it does not assume the data with a certain scale measurement, which means that the number of samples may be small (under 100 samples). The fundamental difference between PLS, which is variance-based SEM, and LISREL or AMOS, which is covariance-based, is the objective. Compared to covariance-based SEM (which is represented by AMOS, LISREL and EQS software), PLS-based components can avoid two major problems faced by covariance-based SEM, namely inadmissible solution and indeterminacy factor.

There are several reasons behind the use of PLS in a study. In this study, the reasons are: First, PLS (Partial Least Square) is a data analysis method based on the assumption that the sample does not have to be large. It can analyze less than 100 samples and residual distribution. Second, PLS (Partial Least Square) can be used to analyze theories that are still considered weak because PLS (Partial Least Square) can be used for prediction. Third, PLS (Partial Least Square) enables the algorithm by using a series analysis of ordinary least square (OLS) so that the efficiency of the calculation of logarithms is obtained.

RESULTS AND DISCUSSION

Following is the network data structure of the ownership of regional property contained in the Regional Financial and Asset Management Agency (BPKAD), namely: Figure 1 Data Structure of Regional Property (Asset).

Figure 5.1 above indicates that from public investment, we can find various regional properties that were purchased at different dates, months, and years. Also, it shows the source of funds and the one who organized it. The structure above provides instruction on how to create a well-organized file system, where each group of data starts with the type of goods, codified to facilitate the search for data if needed, and grouping based on the current location of the goods or investments.

The main objective of this model is to provide an overview of the structure of each item in the Regional Financial and Asset Management Agency or BPKAD, which is a government asset. Two arrows indicate that between each data, there are several names/groups of items related to the information written on it. For example, in the group of office inventory, there are two categories of goods, namely consumables and non-consumables. Then, from each group of goods, there are several types of goods from each group of goods, which can be grouped again by date/month or year of purchase.

As stated earlier, the application of computer-based systems in the management of regional properties requires a variety of careful preparation, es-
especially related to the information available and database administrator. The factors that hinder the implementation of a computer-based regional goods management system are as follows:

1. New investment is required related to the hardware and software of information technology in accordance with the required specifications. However, constraints on this factor can be dealt with quickly because the government has funded so that it can be implemented if the government wants it, as long as it is done according to the procedure.

2. At least two database administrators are required to design and coordinate the entire database system used. The difficulty of getting a database administrator can be overcome in two ways, namely short term and medium term. For the short term, a professional database administrator can be appointed for approximately six months to compile the required database programs, while for the medium term, it can be done by sending the available human resources to become database administrators to reduce the dependence on outsiders and guarantee the confidentiality of data.

3. A lot of data was lost so that it needed an investigation or re-inventory of various data related to regional property. Re-inventory should be conducted if you want a complete and informative database. That can be done by distributing questionnaires to various agencies related to the use of these items. The questionnaire contains various questions that are needed. Those questions should be filled in a limited time; therefore, the data that is not in the Financial and Asset Management Agency or BPKAD can be collected again, even though it takes time. However, this is very important to be done to build effective management of regional properties or assets.

In managing regional properties, good control and improvement are required to assist regional property management. Constraints faced in inventorying goods or asset data may be due to incomplete data on regional properties and information as well as lack of quality human resources.
The implementation of regional autonomy is regulated by Law Number 23 of 2014 concerning Regional Government and Law Number 33 of 2004 on Financial Balance between the Central Government and Regional Governments. Government Regulation Number 58 of 2005 on Regional Financial Management, as elaborated by Regulation of the Minister of Home Affairs Number 13 of 2006, is a guideline for Regional Financial Management. Regional financial administration in the implementation of APBD experienced a pretty fundamental change, one of which is the delegation of some financial regulatory mechanisms in the Agency/ Bureau/ Regional Financial Management to SKPD. The scope of financial administration, which is delegated including testing of Request for Payment (SPP), both Direct (LS), Money Supply (UP), Replace Money (GU), and Additional Money (TU) and issuance of Payment Order (SPM).

In addition, in the management of regional finances and assets regulated in Law Number 1 of 2004 concerning State Treasury article 51 paragraph (2), as Budget User, the Head of SKPD must hold accounting for financial transactions, assets, debts, and equity funds, including income transactions and shopping, which is in his responsibility. That means that each SKPD must prepare a work unit’s financial statements, including Budget Realization Reports, Balance Sheet, and Notes to Financial Statements, while those who prepare Cash Flow reports are the Head of the Regional Financial Management Work Unit as the Regional General Treasurer.

The fundamental change in the regional financial administration and assets after the reformation is the accounting systems in the central and regional governments. The accounting will have a real role in socio-economic life if the information generated by accounting can control the behavior in economic policymaking to act towards achieving social and economic goals of the nation. As a means of control and a tool to achieve government objectives, accounting must be able to play a role in controlling the wheels of government in the form of regional financial management based on the applicable rules. The financial accountability system of an institution can run well if there is a mechanism of good financial management. That means that regional financial administration has a strategic position in realizing accountable government management (Mardiasmo, 2002).

Management of regional assets is regulated in PP Number 27 of 2014 concerning Management of State-owned property/ Regional Property, which is then followed up with Permendagri Number 19 of 2016 concerning Guidelines for Management of Regional Property. Whereas, the scope of asset management includes: (1) planning needs and budgeting; (2) procurement; (3) usage; (4) utilization; (5) security and maintenance; (6) evaluation; (7) deletion; (8) transfer; (9) administration; (10) guidance, supervision and control.

Since the enactment of Government Regulation Number 24 the Year 2005 regarding Governmental Accounting Standards (SAP), the performance of local government can be measured using financial statements of local governments (LKPD), which must be audited first by BPK. Information obtained from LKPD must be able to meet the needs of the users, which according to SAP, are the community, people’s representatives, supervisory institutions, inspection institutions, donors, investors, lenders, and the government. Adequate asset management should include several processes, namely asset acquisition, asset handover, asset inventory, asset accounting, management information system and regional property accounting, and preparation of financial statements. If all processes go well, information about the assets of a region will be accurate, and mistakes and irregularities in its financial statements can be avoided.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The results of this study have implications, both theoretically and practically, which indicate that the implementation of asset management affects the effectiveness of asset management. Monitoring and evaluation are important parts of good management practices because those are integral parts of management. The implementation of asset management carried out by the government properly can stream-
line the management of assets to create higher asset values. Public accountability influences the effectiveness of asset management. The results of this study indicate that public accountability has an important role so that the management of regional assets can be done transparently and accountably. Public accountability that is carried out properly can avoid irregularities in every function of regional asset management so that the management of regional assets can be done effectively and in accordance with applicable regulations. Monitoring and evaluation is an element of supervision carried out by the organization to achieve the goals that have been set. According to Barry (1996) in Triyono (2012), monitoring and evaluation is an increase in the initial value and final value that give positive benefits in an organization. The statement stated by Barry (1996) in Triyono (2012) is proven from the results of this study that monitoring and evaluation affect the effectiveness of asset management. Human resources have a decisive role in the success of the organization in achieving its goals. Tilaar (1997) stated that human resources are the most important assets in managing and directing other sources of wealth. The relationship between asset management and state-owned assets is that management is aimed to regulate the management of state-owned assets properly, which is supported by human resources, to build effective regional asset management. Overall, the results of this study contribute to asset management for public properties, especially in strategies for achieving effective asset management.

Recommendations

During its process, his research is inseparable from limitations. The limitations of this study include research conducted at the Blitar City, which has different characteristics from the government of other city or other districts; therefore, the results of this study cannot be used to represent the government of all regencies or cities in Papua Province in the management of regional assets. In this study, the respondents chosen were managers of regional assets in the Government of Blitar City. Because the respondent gives a self-assessment, it is possible to answer the questionnaire subjectively, thereby reducing the objectivity of this research.

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