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Management Development of Fixed Assets in Local Government Environment of Merauke Regency Papua

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Abstract: *The investigation by Financial Investigation Bureau (BPK) on Merauke local government's financial statement of 2014 got modified opinion (WDP). One of the causes is inadequate management of fixed assets. This research aims to improve management model of fixed assets which is expected increasing the effectiveness and efficiency of management of fixed assets in the Local government environment of Merauke Regency. This research used qualitative descriptive approach with survey as the data collecting technique. This was conducted in the agencies of Regional Work Unit (SKPD) environment of Merauke Regency which is amount to 27 units (SKPD). The subject was structural officials that perform the management of Region-Owned Property in each unit (SKPD). The object was the management of fixed assets in local government environment of Merauke Regency. The data collecting technique used questionnaire, interview, and documentation, while the data analysis used test of data quality (validity and reliability) and importance performance analysis. The result of the research shows key factor of managements of fixed assets in not good performance are the implementation of procurement based on the needs list of goods and maintenance, the investigation on the process of fixed assets procurement, utilization of fixed assets as the instruction, and supervision and maintenance of fixed assets periodically. While the managements of fixed assets that must be maintained its performance are the proposal of procurement based on inventory data and plan needs, the procurement of fixed assets efficiently, effectively, and transparently under applicable terms, the assessment of fixed assets, elimination of fixed assets as technical and economical consideration, legal basis of the elimination of fixed assets, and security of fixed assets under applicable administration, physical, and legal.*

Keywords: *local fixed assets, management of fixed assets, management model of assets*

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I. Introduction

Regional fixed asset is a property of an area purchased or obtained at the expense of the Regional Revenue and Expenditure Budget (APBD) of government or derived from other legal proceeds. Fixed asset is one of the financial statement entities presented in the balance sheet as non-current assets on a long term. Therefore, the recognition, measurement, and presentation must be done in accordance with the Government Accounting Standards (SAP) in order that the financial statement which is presented can comply with the qualitative characteristics of the financial statements required in Government Accounting Standards.

The quality of Local Government Financial Report (LKPD) can be reflected in opinions on the fairness of financial information which is provided based on the results of BPK (State Audit Agency) audit. The facts show that from 504 LKPD (Local Government Financial Report) in 2014 audited, the State Audit Agency provides an qualified Opinion (WDP) of 230 (45.64%) of LKPD (Local Government Financial Report), Adversed Opinion (TW) of 4 (0.79%) LKPD (Local Government Financial Report) , Disclaimer of Opinion (TMP) of 19 (3.77%) LKPD [1]. These matters indicate that there are still many LKPD (Local Government Financial Report) that have weaknesses in financial reporting (pelaporan keuangan) according to SAP (Governmental Accounting Standard).

The Financial Statements of Merauke Regency Government in 2009-2012 got an opinion about the refusal statement in giving opinion or not to give opinion / disclaimer of opinion (TMP). Meanwhile, in 2013-2014 Merauke Regency got qualified opinion with exception (WDP), in which the financial statements are qualify presented in all material aspects in accordance with SAP (Governmental Accounting Standard), except for the exception things. Based on audit results in 2015, BPK (Financial Audit Board) recommended a refund to the state treasury from Merauke Regency in amount of 8 billion rupiahs [2].

One of the causes of the weaknesses in reporting which is accordance with SAP (Governmental Accounting Standard) in Merauke regency is the inadequate management of fixed assets. The process of elimination and depreciation of fixed assets which had been done is not in accordance with the provisions. In addition, the reporting of fixed assets is not supported by the listing in the goods inventory card (KIB) and there

is no an adequate inventory. This case shows that the security of administrative assets, legal and physical assets have not been adequately conducted yet [1].

Asset management is required by the local government because one of the major problems of managing regional assets is disorder in the management of assets [3]. This case causes local government gets difficulty in understanding exactly which assets they control, so that the assets which are managed by the local government tend to be non-optimal in its use. The implication of the utilization and management of non-optimal assets is the attainment of non-value of benefits that is equal to the intrinsic value and potential contained in the assets themselves. Therefore, effective asset management is required to ensure that all assets and facilities provided are properly managed and can improve public services [3]

The results of the study [4], on the asset management model for local government shows that asset management is very important in order to make decisions about the acquisition, retention and disposal of property. A key component of asset management is the taking of a strategic view of the best assets that need to be maintained and utilized efficiently, they are such as identifying the assets to be disposed of in order to generate reinvestment resources [5]. In addition, [6] the effective asset management implementation is influenced by monitoring and evaluation process which is reinforced by the quality of human resources.

[7] Regarding State / Regional Property Management conveys that the management of state / regional property includes: planning of needs and budgeting, procurement, use, utilization, security and maintenance, appraisal, alienation, destruction, removal, administration, guidance, supervision and control. The regulation shows that there has been an effort by the government to discipline and optimize the management of state assets. However, the existence of the regulation in practice has not been able to create adequate asset management, especially in Merauke Regency. It is a proven fact that there are still many BPK (Financial Audit Board) findings related to the inadequate management of fixed assets. Therefore, this study aims to analyze the performance of asset management within the local government of Merauke Regency.

II. FIXED ASSET MANAGEMENT

[8] Regarding Government Accounting Standards defines fixed assets as tangible assets with a usefullness that can survive more than 12 (twelve) months to be used in government activities or utilized by the public society. Fixed assets presented in the balance sheet consist of land, equipment and machinery, and buildings that are ready to use, irrigation roads and networks, other fixed assets, and construction in progress.

Fixed assets are recorded at cost of its attainment. However, if the valuation of fixed assets by using cost is not possible, then the valuation of property is based on fair value at acquisition date. Fixed assets are used by the government, except for certain types of assets such as land, and construction in progress, have limited usefullness and capacity. Along with the decline in the capacity and benefits of an asset, it is necessary to adjust the asset value in the form of depreciation expense. Fixed assets can be depreciated according to the nature and characteristics of the asset [8].

The term of asset management is used to describe the process in which the Regional Government regulates physical assets to obtain a level of service for the present and future. Asset management is defined as something that is systematic and coordinates activities through practice so that an organization can optimally manage its physical assets, and demonstrate performance they are in accordance with their organizational strategic planning [9].

According to [10] management, assets will involve a series of main important activities as follows:

a. Planning with activity stages: identification and inventory asset, legal audit, *valuation*, study of economic potential and asset optimization.
b. Utilization is in the form of: the use of the direct interest of local government operational, cooperated (in use) with third party.
c. Evaluation and Monitoring which includes: Asset performance assessment based on benefict economic asset, update of asset data, asset addition or sale, asset maintenance, completion of all liabilities related to asset existence.

III. RESEARCH METHODOLOGY

This research uses quantitative description approach combined with survey data collection technique. This research was conducted in SKPD (Regional Work Unit) Department of Agency and Agency in Merauke Regency which totaled 27 SKPD (Regional Work Unit).

The subject in this study are consisted of structural officers and officers who implement the function of management of Regional Property in each SKPD (Regional Work Unit) and which have a working period of at least one year in the management period of BMD. Meanwhile, the object of research is the management of fixed assets in the local government of Merauke regency.

3.1 Research Variable

This study uses 21 variables which are important factors in the implementation of asset management. The variables in this study have been modified [11] in previous studies. The variables in this study have been adjusted [12] on the Technical Guidelines for Management of Regional Property.

Those variables are measured by Likert scale from 1 to 5. The questionnaires are divided into two to measure the level of *importance* and *performance* level. The importance of scale is written in form of (1) very unimportant, (2) unimportant, (3) important enough, (4) important, and (5) very important. In the scale performance level is written in form of(1) not very good, (2) not good, (3) good enough, (4) good, and (5) very good.

3.2 Technique of Data Collection

Data collection techniques used in this study are such as:

a. Questionnaire

Collecting date by using questionnaires was conducted to obtain a description of respondents' perceptions of research variables and measure the performance of each variable. Questionnaires were given to the Structural Officials and apparatus performing the functions of the Management of Regional Property at each SKPD (Regional Work Unit) in Merauke Regency.

b. Interview

In this study the interview was conducted to structural officials and apparatus performing the function of management of Regional Property in SKPD (Regional Work Unit) which was chosen at random. Interviews were conducted to gain an in-depth understanding of matters relating to research problems.

3.3 Data Analysis

Data analysis that is used in this research consists of data quality test and *Importance Performance Analysis (IPA)*.

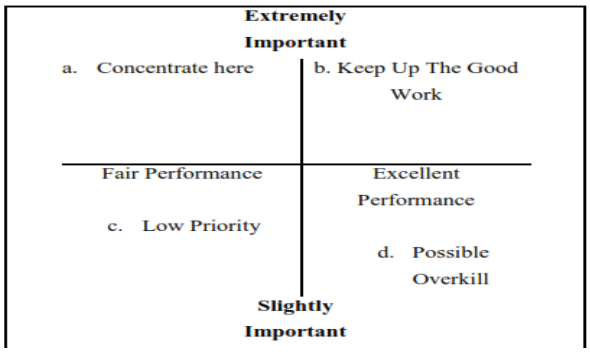
a. Test data quality

The data quality test consists of reliability test and validity test. Reliability test is used to measure the consistency of a questionnaire. A questionnaire is said to be reliable or reliable if one's answer to a question is consistent or stable over time. A construct or variable is said to be reliable if it gives a *Cronbach Alpha* value> 0.60 [13]. Validity test is used to measure the accuracy or validity of an item in the questionnaire. A questionnaire is said to be valid if the question on the questionnaire is able to reveal something to be measured by the questionnaire. If the *Item-Total Statistics* output view in the *Correlated Item-Total Correlation* r column is greater than the r table and the positive value, then the item or question is declared valid [13].

b. Importance Performance Analysis (IPA)

Importance Performance Analysis (IPA) is used in this study to relate the importance and degree of performance of each variable, so that the gaps can be evaluated to build asset management models. In this research, each respondent was asked to respond to the significance of key factors in the management of local fixed assets whose scores from unimportant to very important. In addition, respondents are also asked to provide an assessment of the performance of the management of assets / property of the region has been implemented, where the indicator is based on the determinants of the success of the management of fixed assets whose scores are not good to excellent. From the respondent's answer can be known the score achieved and the ideal score (highest), so it can be calculated the rank of each variable.

The result of the measurement is then mapped into a two-dimensional graph with a vertical axis describing the performance and the horizontal axis representing significance. The division of the quadrant in the diagram based on [14] is:



Source: Martilla and James (1977) in Lukman (2006)

Figure 1. Diagram of *Importance Performance Analysis*

These are the explanation for figure 1 as follows:

1. Improving Performance/ Quadrant a *(Low Performance & High Importance)*
   Factors that are found in this quadrant are considered important factors but their performance has not been good.
2. *Keep up the good work*/kuadran b *(High Performance & High Importance)*
   The factors that are found in this quadrant are considered very important and the performance is good so that the factors in this quadrant need to be maintained.
3. Low Priority/ Quadaran c *(Low Performance and Low Importance)*
   The factors that found in this quadrant have a low level of performance and are also considered not too important.
4. Excessive tendency / quadrant d (*Low Performance & High Importance*)
   The factors that belong to this quadrant are considered good performance but are considered less important.

IV. Result Of Research

This research was conducted at the Regional Device Work Unit (SKPD) in Merauke Regency which totaled 27 SKPD (Regional Work Unit). From the existing 27 SKPD, 1 (one) SKPD (Regional Work Unit) is a new SKPD (Regional Work Unit) that was formed in 2017 and has no fixed assets that are managed by themselves, so the total SKPD (Regional Work Unit) studied totaled 26 SKPD(Regional Work Unit). Respondents in this study are structural officials and apparatus that implement financial accounting / governance functions relating to the management of fixed assets in each SKPD (Regional Work Unit) which have a minimum working period of one year in the preparation period of financial statements. The total number of questionnaires distributed on 26 SKPD (Regional Work Unit) is 91 copies. There are 91 questionnaires distributed, respondents who filled out and returned questionnaires were 39 respondents. Thus the return rate of the questionnaire (response rate) achieved by 43%. All the returned questionnaires are filled in completely and in accordance with the order so that the total questionnaire processed is 39 questionnaires. The demographics of the respondents being sampled in this study are presented in Table 1.

Table 1. Demographics of Respondents

Data	Information	Quantity	percentage
Gender	Male	14	36%
	Female	25	64%
Age	< 30 years	4	10%
	31-40 years	21	54%
	41-50 years	10	26%
	> 50 years	4	10%
Last education	Senior High School	14	36%
	Diploma	6	15%
	Bachelor	17	44%
	Postgraduate	1	3%
	Others	1	3%
Length of work	< 5 years	17	44%
	6-10 years	9	23%
	> 10 years	13	33%

Source: Results by data using MS. Excel

4.1 Descriptive Statistics

Descriptive statistics in this study can be seen from the mean value (*mean*), standard deviation, maximum, and minimum. More data on descriptive statistics of research variables can be seen in Table 2.

Table 2. Descriptive statistics

	Minimal	Max	Mean	Std. Deviation
interests	75	105	90,79	6,73
Performance	62	105	86,62	11,26

Source: Results of data using SPSS (Statistical Product and Service Solutions) for the 20

Based on Table 2 it can be concluded that for the interest rate, it has an average value of 90.79 and the standard deviation of 6.73. It shows that the majority of respondents tend to answer vital to 21 questions raised regarding the management of fixed assets. The minimum value of interest rate of 75.00 means there are respondents who stated that several factors in the management of fixed assets are quite important. Meanwhile,

the maximum value of 105 indicates that there are respondents who stated that several factors in the management of fixed assets are very important.

The performance level has an average value of 86.62 and the standard deviation of 11.26. This aspect indicates that most of respondents stated that the achievement of performance in the management of fixed assets is good. The minimum value of the performance level of 62.00 means there are respondents who stated that the achievement of performance in the management of fixed assets is still not good. Meanwhile, the maximum value of 105 indicates that there are respondents who stated that the achievement of performance in the management of fixed assets has been very good.

4.2 Data Quality Test

In order to find out how big the influence of the questionnaire answers obtained, before doing part of data processing, then it necessaryto do validity test and reliability test first to the question items used in the questionnaire. The method used in the validity test is to correlate bivariate between each score of the question items with the total score of the variable, and reliability testing using *Cronbach Alpha* coefficients performed with the help of SPSS (Statistical Product and Service Solutions) 20 program.

Reliability test is performed to measure the consistency of a questionnaire by looking at the value of Cronbach Alpha. A construct or variable is said to be reliable if it gives a *Cronbach Alpha* value> 0.60 [13]. SPSS (Statistical Product and Service Solutions) output display shows that the Cronbach Alpha value for the significance level variable is 0.842 and the performance level is 0.763. When using a minimum value of reliability value of 0.60, then all variables in this study has a value of *cronbach alpha* above 0.60, so it can be concluded that generally all the variables are quite reliable.

Validity test is used to measure the validity of a questionnaire, by looking at the significance of bivariate correlation between each score of the question item with the total score of the variable. If the value shows a significant result, it can be concluded that each item is valid enough. The result of data processing with SPSS (Statistical Product and Service Solutions) 20 shows that all question items for importance and level of performance have significance value <0.05, so it can be concluded all question items used to measure the level of importance and level of performance in the management of fixed assets are valid.

4.3 Cartesian Diagram

Cartesian diagram is used to look in more detail about the factors that need improvement. Before charting the data to Cartesian diagram, first determine the mean value of each factor on the importance level (Y) and the performance level (X) then determine the intersection point between the x and y axes. The results of the division of each factor in each consciousness are shown in Figure 2.

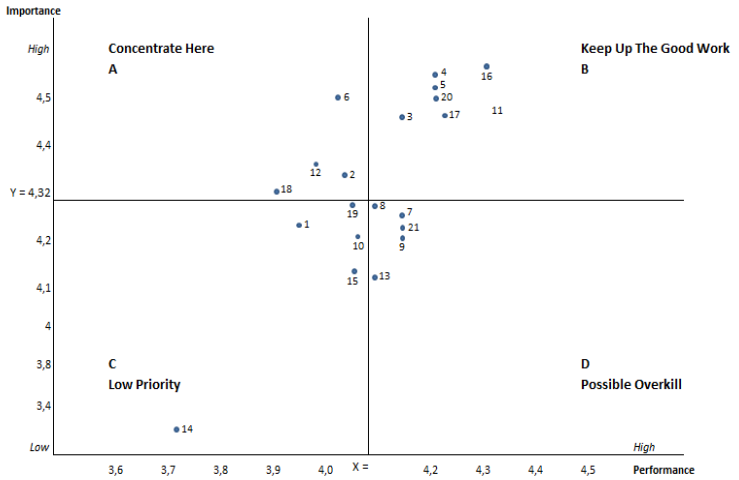


Figure 2. Cartesian Diagram of Fixed Asset Management Factors

The interpretation of the results of mapping fixed asset management factors on Cartesian diagram is explained as follows:

1. Improving Performance / Quadrant A (*low performance & high importance*).
   Factors located in this quadrant are considered as important factors but their performance has not been good, so that the fixed assets manager is obliged to allocate adequate resources to improve the performance of these factors. Factors that are found in quadran A include: making a list of goods needs and list of goods maintenance as a basis in the implementation of procurement and maintenance of goods, checking the realization of the procurement process of goods; utilize fixed assets in accordance with their designation; and supervise and maintain fixed assets periodically.

2. Maintenance performance /quadrant B (*high performance & high importance*)
   The factors that are found in this quadrant are considered very important and the performance is good, so the factors in this quadrant need to be maintained. The variables in quadrant B include: discussion of the proposed budget needs always pay attention to inventory data of goods and adjusted to the needs plan; procurement of fixed assets efficiently, effectively, transparently and in accordance with applicable regulations; determination of the value of fixed assets in the preparation of the Financial Statements in accordance with SAP (Government Accounting Standards); legal basis for the elimination of property and equipment; the write-off of fixed assets has clear technical and economic considerations; and security of fixed assets in accordance with administrative, physical and legal requirements.
3. Low priority/quadran C (*low performance and low importance*)
   The factors that are found in this quadrant have a low level of performance at once and those are considered not too important. Variables located in quadrant C include: strategic planning in the procurement of fixed assets aligned and integrated with the purpose of local government; transparency of costs related to the management of fixed assets; the use of all fixed assets is done optimally, and the professionalism of human resources in managing and utilizing fixed assets.
4. Excessive tendency /quadrant D (*high performance & low importance*)
   The factors that are found in this quadrant are considered to be good performance, but also are considered to be less important. Variables located in quadrant D include: inventory includes data collection, recording and storage of information related to fixed assets; update data base with respect to fixed assets; the legal audit of fixed assets; utilization of fixed assets that can increase the added value of regional assets; and maintenance of fixed assets shall be in accordance with the list of maintenance needs of regional property.

V. Conclusion

Based on the results of research that has been explained previously, the things that become priority and should be improved is related to the management of fixed assets, such as:

1. Make a list of goods needs and maintenance list of goods as a basis in the implementation of procurement and maintenance after the APBD (Regional Revenue and Expenditure Budget) is set.
2. Conducting examination on the realization of the procurement of fixed assets by the committee of inspection of regional goods.
3. Utilization of fixed assets in accordance with their designation
4. Hold monitoring and maintenance of fixed assets periodically.

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