FIXED ASSET MANAGEMENT IN THE INDONESIAN GOVERNMENT AGENCIES: A CASE STUDY AT MINISTRY OF TRADE

Nurul Atikoh
Master of Management Program, Faculty of Economics and Business, University of Padjadjaran (MM FEB UNPAD), Indonesia
nurul.atiko@yahoo.com

Eri Febrian
Master of Management Program, Faculty of Economics and Business, University of Padjadjaran (MM FEB UNPAD), Indonesia

Riko Hendrawan
Master of Management Program, Faculty of Economics and Business, University of Padjadjaran (MM FEB UNPAD), Indonesia

Abstract
Implementation of good governance requires every government agency to organize state activities optimally to maintain public trust through transparent financial management. One of the material scopes of state financial management whether in value and function is fixed asset. Trillions of Rupiah are spent on fixed assets every year to achieve the goal of the country for the greatest prosperity its citizen. Therefore, fixed asset management is the focus of every government agency. The research is aimed to identify the implementation of fixed asset management in the Indonesian Government Agencies case study at the Ministry of Trade, especially on the Central and Local Work Unit from July to September 2017. Implementation of fixed asset management is seen from asset management stage, according to Siregar, i.e., asset inventory, legal audit, asset valuation, optimization of asset utilization, and control and supervision. The quantitative method will be used in this research as an instrument by spreading questionnaires through descriptive explanation. The research sample are the managers and examiners fixed asset with the technique purposive sampling. Relative Importance Index (RII) is
used for data analysis test. The findings of this research will provide the weaknesses at the implementation of fixed asset management. It will help the manager to make the fixed asset management strategy and determine strategic steps in optimizing. The results showed that the fixed asset management at the Ministry of Trade had been carried out ‘well.’.

Keywords: fixed asset management; asset management; state-owned asset; fixed asset

INTRODUCTION
The financial management of a country needs to be carried out openly and responsibly for the greatest prosperity its citizens. Every government agency is required to organize state activities optimally to maintain public trust through transparent financial management. In the framework of such management, the Indonesian Act No. 1 (2004) concerning the State Treasury has been issued to meet the needs of State Finance management and accountability. The scope of the State Treasury is mentioned in Article 2 of Act No. 1 (2004) one of which covers the management of investment and State Property or fixed assets.

Recorded in the Audited Government Financial Statement balance sheet 2016, the value of the Government's fixed assets of the Republic of Indonesia amounted to 1,921.79 Trillion. Trillions of Rupiah are spent on fixed assets every year. One of the government's efforts in improving the quality of services for public services is through the development of fixed assets by procuring and repairing buildings. However, Abdullah, Razak, Hanafi, Salleh (2011: 36) argue that this increase in number will expand the government's responsibility in managing fixed assets. The increasingly complex scope of fixed assets resulting from the high quantity of procurement requires effective and efficient management.

The correct asset management is expected to improve asset performance, government agency performance as well as to provide support to finance government development. Measurement of the implementation of the management of fixed assets as a state facility is used to assess the success or failure of the activities of the fixed assets, concerning the established goals and objectives, or effective and efficient to realize the mission and vision of the government. The reason is that all activities related to the asset must be measurable.

One of the government institutions that organize fixed asset management is the Ministry of Trade. Total fixed assets of the Ministry of Trade as stipulated in the Balance as of December 31, 2016, is Rp2,944,574,876,785 or 53% of total assets owned. The high value of fixed assets owned by the Ministry of Trade is followed by the responsibility to manage it well. However, in practice, there are some weaknesses in this management of fixed assets. These weaknesses
are reflected in the Audit Report of BPK RI on the Central Government Financial Report of 2016 on the Internal Control System. The report mentions the administration of fixed assets in the 70 Ministries and Institutes has not been done properly, include the Ministry of Trade.

In order to manage the government fixed assets, physically and administratively, especially those owned by the Ministry of Trade, it is necessary to apply the five principal stages of asset management from Siregar, Doli D. (2004: 518) i.e., asset inventory, legal audit, asset valuation, asset utilization optimization, and control of asset. The Ministry of Trade needs to know the implementation of fixed asset management based on the above five stages to make its management strategy and determine strategic steps in optimizing it. Similar research conducted by Syahputra (2011) on the management of fixed assets that aims to reveal the critical factors in asset management using the flow proposed by Siregar, Doli D. Another similar research conducted by Adriati (2009) with research object RSUPN Dr. CiptoMangunkusumo by focusing on asset management using performance measurement based on asset management flows as a key factor in asset management.

It is necessary to research the fixed assets management to know the existing implementation. Therefore, if there are weaknesses, the manager could make the immediate decision to repair the management process. Concerning the materiality of fixed assets of government agencies in both value and function, asset management process should improve as well. Based on the previous background, we want to research the management of fixed assets in government instances with case studies on the Ministry of Trade.

The rest of the paper is organized as follows: Section II gives a brief description of the literature review, and Section III presents the research methods. Finally, Section IV is the statement of research purposes, limitation, and originality.

LITERATURE REVIEW

An asset can be defined as something that may have economic value, commercial value or exchange value, owned by business entities, institutions or individuals (Siregar, Doli D., 2004). An asset can be categorized into four types: current asset, permanent investment, fixed asset and others asset. William D. Brady (2001) contends that fixed assets can be any item costing a certain dollar amount, large or small, to an item that has a certain useful life. In Indonesia, the fixed assets owned by the government are called “State Property” or state-owned assets (BMN). BMN is part of a tangible government asset. In the module of State Asset Management Information System and Management (SIMAK-BMN), the PPAKP Team (2011, 8) states that fixed assets are tangible assets that have a useful life of more than 12 (twelve) months for use in government activities or utilized by the public. According to the Government Regulation of the
Republic of Indonesia Number 71 (2010) concerning Government Accounting Standards, it is explained that fixed assets are classified based on similarities in their properties or functions consisting of land, equipment, and machinery, buildings and buildings, roads, irrigation and networks, other fixed assets, in process.

Assets can play supporting role to government service delivery programs to the community since the government assets are one input to the provision of services (Hidayat, 2012: 53). Assets need to be managed individually or combined with other resources to maximize service delivery to the community.

Asset Management
Asset management can be defined as: "A continuous process-improvement strategy for improving the availability, safety, reliability, and longevity of assets; that is systems, facilities, equipment, and processes." (Jim, 2007). In the implementation, asset management works on five process stages (Siregar, Doli D., 2004): asset inventory, legal audit, asset valuation, asset optimization and asset supervision/control. The five-level processes are interconnected and integrated.

1. Asset Inventory
There are two aspects of inventory: the physical and the legal aspects. Physical aspect consists of a form, area, location, volume, type, address and others. As for the legal aspect, it consists of the acquisition process, acquisition period and others. The work processes are as follows: data gathering, labelling, grouping and administering according to asset management purpose.

2. Legal Audit
A legal audit is within the scope of asset management such as inventorying asset acquisition status, system and procedures of acquiring or transferring assets, identifying and transferring on legal issues, and strategies to resolve legal issues relating to acquisition or asset transfer.

3. Asset Valuation
Asset valuation refers to a process of conducting research on asset acquired. This usually is conducted by independent research consultants. The result of this valuation shall be beneficial in understanding the economic value or information to set price if an asset is being sold.

4. Asset Optimization
Optimizing asset refers to a process of optimizing physical, location, value, volume, legal and inherent economic potential of the asset. In this process, assets acquired by Local Government are identified and grouped by its potentials. The result of this process is the recommendation of goal, strategy and program to optimize the assets.
5. Supervision and Control

Supervision and control utilization in transferring assets is an issue that often becomes an object of mockery to the Local Government. An effective way in improving performance aspect is the development of Asset Management Information System. Through Asset Management Information System, transparency in managing asset shall be ensured without worrying about weak supervision and control.

![Asset Management Workflow Diagram](Source: Siregar, Doli D., 2004)

Further, asset management needs to determine new steps to improve the management of adequate and effective assets. Research conducted by Ngwira, Parsa, Manase (2012) on property asset management aims to determine the effectiveness of property asset management. They determine the most efficient way to produce the best value. The authors use several criteria in the evaluation include the use of capital resources, the use of property assets, and improvements in service delivery.

Later on, new discipline will arise in the management of assets triggered by various influences of resources and policies. Phelps (2009) conducted a study to determine the relationship between thinking, practice, and outcomes in the management of municipal property assets. This research gives a better understanding of the discipline of public sector asset management. An analytical framework is essential to understand why organizations conduct asset management, how they do it, and what is the outcome. Moreover, this research also
considers the four changing factors: strategic focus, organizational commitment, portfolio intelligence, and entrepreneurial culture.

A key challenge for achieving effective asset management is the establishment of alignment between state, intervention and infrastructure objectives, with different management interests as revealed by Schraven, Hartmann, Dewulf (2011) in their research. The authors demonstrate the intertwine between the decisions taken with the effectiveness in creating proper asset management in public institutions

**Public Asset Management**

In the last two decades, many countries started to invest in the modernization of the public sector which often summarized under the term of New Public Management (NPM). This modernization includes an overall set of financial and administrative reforms in the public sector. The changes in the public asset management and governance policies are considered as the greatest challenges of NPM (Grubisic et al, 2008). Moreover, Conway, Kaganova and McKellar (2006) argue that Australia, Canada, New Zealand, and France are the excellent examples of countries that effectively reformed and applied public asset management system. Further, the authors believe that those countries share similarities in the challenges they faced for managing their public assets particularly real property. Those countries, the authors add, had a propensity to purchase rather than lease, as results, they accumulated office buildings, land, facilities, and various types of public buildings. Under existing accounting practices, these assets were written off at the time of acquisition as a charge against the annual capital budget. Property-related operating expenses were usually not traced, and the need for an accurate inventory of what the government owned, as well current conditions, escaped unnoticed (Conway et al., 2006).

Kaganova and Nayyar-Stone (2000) argue that the term asset management when it refers to the public real property or public management varies substantially depending on the country and the institutional and professional viewpoint. Furthermore, Hanis, M.H, Trigunarsyah, B, & Susilawati, C. (2011), declare that in Indonesia, there are significant challenges for local government when adopting a public asset management framework. The authors mention that those challenges are: absence of an institutional and legal framework to support the asset management application; a non-profit principle of public assets; multiple jurisdictions involved in the public asset management processes; the complexity of local government objectives; unavailability of data for managing public property; and limited human resources.
**Operational Variable**

Table 1. Operational Variable

<table>
<thead>
<tr>
<th>Variable</th>
<th>Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset Inventory</td>
<td>1. Asset inventory process is carried out under applicable regulations&lt;br&gt;2. Inventory of assets has included data collection, recording, and reporting activities&lt;br&gt;3. Inventory of assets refers to the data, location, and condition of the actual asset&lt;br&gt;4. The asset database has been updated according to the conditions&lt;br&gt;5. There is an asset census for obtaining accurate and accurate data.</td>
</tr>
<tr>
<td>Legal audit</td>
<td>1. The process of legal clarity of assets has been implemented under applicable regulations&lt;br&gt;2. All assets have a clear legal status&lt;br&gt;3. Fixed assets in the form of land have been certified on behalf of the Government of the Republic of Indonesia&lt;br&gt;4. Fixed assets in the form of buildings have been furnished with proof of ownership on behalf of the Government of the Republic of Indonesia&lt;br&gt;5. Security of fixed assets (land and buildings) shall be conducted covering administrative safeguards, physical security, and legal safeguards&lt;br&gt;6. Legal audit is intended to prevent loss of fixed assets&lt;br&gt;7. A well-executed legal audit process can contribute to optimizing assets</td>
</tr>
<tr>
<td>Asset Valuation</td>
<td>1. The assessment process has been carried out under applicable regulations&lt;br&gt;2. Asset value determination shall be guided by Government Accounting Standard&lt;br&gt;3. Assessment of assets is carried out by a team of relevant agencies and involves government appraisers (DJKN) or independent (certified)&lt;br&gt;4. Asset valuation provides information on the value of wealth for future asset utilization&lt;br&gt;5. Assessment of assets with lowest estimates using NJOP</td>
</tr>
<tr>
<td>Optimization of Asset Utilization</td>
<td>1. Optimization has been done following the designation&lt;br&gt;2. Optimization remains comprehensive&lt;br&gt;3. Optimization involves a third party (private) and community (partnership)&lt;br&gt;4. Optimization provides added value to the increase in non-tax revenues&lt;br&gt;5. Optimization accommodates assets that need to be removed as a form of efficiency</td>
</tr>
</tbody>
</table>
1. Supervision and control of fixed assets are carried out properly periodically (periodically)

2. Supervision and control of fixed assets using the Management Information System and Accounting for State Property (SIMAK ASET STOP) as a form of asset management transparency

3. Professionalism Human resources in managing fixed assets

4. The functional supervisory apparatus conducts a follow-up audit on the results of supervision and control of fixed assets

5. Information technology and the completeness of infrastructure facilities support the management activities of Ordinal fixed assets

Source: Secondary Data (Processed)

RESEARCH METHOD

According to Collis and Hussey (2009: 73), a methodology is an approach in the research process including data collection and analysis techniques. In this case, data analysis is an essential part of every scientific research, because data analysis contains meaning that is useful in solving research problems. This research is a quantitative research where the data will be measured on a numerical scale with the descriptive explanation.

The research was conducted at the Ministry of Trade of the Central Work Unit from July to September 2017. The data used consisted of two types: primary data and secondary data. Primary data is derived from questionnaires distributed to respondents. Secondary data was obtained by conducting literature study on research related regulations, financial statements, fixed asset data, and performance accountability reports of government agencies from research objects, i.e., Ministry of Trade.

The population of this study is the official and internal inspector of Accounting System Institutions (SAI) Ministry of Trade, central and regional office work units. The population is a generalization area consisting of objects/subjects that have specific qualities and characteristics set by researchers to be studied and then drawn conclusions (Sugiyono, 2005: 72). The grouping of the population uses employee's criteria that directly manage asset management, includes the manager of Institution Accounting System (SAI) of fixed asset management and Accrual Based Accounting System (SAIBA) assets management in the central and regional work units directly under the organizational structure of the trade ministry, and internal auditor of Ministry of Trade that checking the asset management. The sampling uses the purposive sampling method, where the overseas work unit is not included in the research sample because of their location spread over 28 different countries.
Table 2. Population and Sample

<table>
<thead>
<tr>
<th>No</th>
<th>Work Unit (satker)</th>
<th>Amount of satker</th>
<th>Official and Controller of Fixed Asset Management</th>
<th>Population</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Official SAIBA and SIMAK BMN</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Auditor Internal</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Total satker</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Central</td>
<td>38</td>
<td>Official SAIBA and SIMAK BMN</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Central and Local of work unit</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Official SAIBA and SIMAK BMN</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>overseas</td>
<td>27</td>
<td>5</td>
<td>53</td>
<td>142</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(60,87%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Official SAIBA and SIMAK BMN</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>local</td>
<td>4</td>
<td>8</td>
<td>69</td>
<td>137</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(96,48%)</td>
</tr>
<tr>
<td>(3)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Secondary Data (Processed)

The instrument of data analysis used to survey result that is a test of Relative Importance Index (RII). RII analysis is used to find out the results that can be used in determining the rank of each variable that is considered as the main variable in the effectiveness of the management of fixed assets. RII is measured by the following formula:

\[
\text{RII} = \frac{W}{A \times N}
\]

where:
- \(w\) = the weight given to each variable of the respondent's answer on the Likert scale between 1 to 5.
- \(A\) = highest weight (in this survey is 5).
- \(N\) = total number of samples.

ANALYSIS AND DISCUSSION OF RESULTS

In the implementation, not all of them filled and returned due to the work condition that requires the employer to do field work outside the office. Based on the results of recapitulation, the sample are 137 respondents. There are 92 questionnaires returned and filled or 67.15 percent of the total respondents.

In details, table 3 below presented recapitulation of the number of employees who can be sampled in this research.
Table 3. Recapitulation of Number of Respondents

<table>
<thead>
<tr>
<th>UNIT</th>
<th>Manager Fixed Asset Manager</th>
<th>Saiba Manager</th>
<th>Internal Auditor</th>
<th>Sample</th>
<th>Questionnaire returns</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secretariat General</td>
<td>11</td>
<td>11</td>
<td>-</td>
<td>22</td>
<td>14</td>
<td>63,64</td>
</tr>
<tr>
<td>Directorate General of Domestic Trade</td>
<td>5</td>
<td>5</td>
<td>-</td>
<td>10</td>
<td>6</td>
<td>60</td>
</tr>
<tr>
<td>Directorate General of Foreign Trade</td>
<td>6</td>
<td>6</td>
<td>-</td>
<td>12</td>
<td>10</td>
<td>83,33</td>
</tr>
<tr>
<td>Directorate General of Consumer Protection and Orderly Trade</td>
<td>13</td>
<td>13</td>
<td>-</td>
<td>26</td>
<td>10</td>
<td>38,46</td>
</tr>
<tr>
<td>Directorate General of International Trade Negotiations</td>
<td>1</td>
<td>1</td>
<td>-</td>
<td>2</td>
<td>2</td>
<td>100</td>
</tr>
<tr>
<td>Directorate General of National Expor Development</td>
<td>5</td>
<td>5</td>
<td>-</td>
<td>10</td>
<td>4</td>
<td>40</td>
</tr>
<tr>
<td>Commodity Futures Trading Supervisory Agency</td>
<td>1</td>
<td>1</td>
<td>-</td>
<td>2</td>
<td>2</td>
<td>100</td>
</tr>
<tr>
<td>Agency for the Assessment and Development of Trade</td>
<td>1</td>
<td>1</td>
<td>-</td>
<td>2</td>
<td>2</td>
<td>100</td>
</tr>
<tr>
<td>Inspectorate General</td>
<td>1</td>
<td>1</td>
<td>53</td>
<td>55</td>
<td>42</td>
<td>76,36</td>
</tr>
<tr>
<td>Total</td>
<td>43</td>
<td>43</td>
<td>53</td>
<td>137</td>
<td>92</td>
<td>67,15</td>
</tr>
</tbody>
</table>

Source: Primary Data (Processed)

Instrument Test Results

Validity Test

A questionnaire considers being valid if the statement on the questionnaire can reveal something that will be measured by the questionnaire (Ghozali, 2006: 49). The validity of the statements determined by comparing the results of analysis seen from the Corrected Item Correlation coefficient (r arithmetic) with the critical value of correlation coefficient (r table). The declared statement is valid when r count is higher than r table. The critical value of correlation coefficient (r table) on 5 percent significance with 2-sided test and sample number of 92 samples (df = N-2 = 90) obtained r-value of 0.207. The result shows that each item statement in each variable is valid.

Reliability Test

The next step after testing the validity of each item statement is a test of the reliability of all variables used in this study. Reliability test results for each variable. Based on both results, it
can be concluded that all 25 statements representing each variable can be used for research analysis because it passes validity and reliability test.

Result of Data Analysis

Analysis of perception assessment from respondent is processed by using Relative Importance Index (RII) technique which calculates average respondent's answer to measure how effective supervision and control that have been done. Also, this calculation can be used to compare all the variables to measures which stages of assets management is considered the most effective one and the stages that that still need improvement. This technique is considered appropriate because it reflects the respondents' opinions through the average assessment of each answer given.

The value of RII ranges from 0 to 1 which it can be made into five classes according to the number of alternative answers to the statement in the questionnaire, as presented in table 4.

Table 4. Criteria for the Implementation of Fixed Assets Management based on Value of RII

<table>
<thead>
<tr>
<th>Real Value</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>0,00 – 0,20</td>
<td>Very Weak</td>
</tr>
<tr>
<td>0,21 – 0,40</td>
<td>Weak</td>
</tr>
<tr>
<td>0,41 – 0,60</td>
<td>Moderate</td>
</tr>
<tr>
<td>0,61 – 0,80</td>
<td>Good</td>
</tr>
<tr>
<td>0,81 – 1,00</td>
<td>Very Good</td>
</tr>
</tbody>
</table>

Source: Primary Data (Processed)

Asset Inventory Stage

Figure 2. RII of Asset Inventory

Source: Primary Data (Processed)
The result of RII shows that each indicator used to measure the implementation of the asset inventory is in 'good' category with an average value of 0.77. It can be concluded that the respondents have agreed that the process of inventory of fixed assets has been done under the applicable regulations.

According to regulations, fixed assets inventory process shall be carried out at least once in 5 (five) years in the form of the census. Except for inventory and construction in progress that carried out every year with stock counting method. Therefore, this regulation should become the basis of every agency/ministry to conduct a census of a fixed asset every five years. The Ministry of Trade has conducted a fixed asset census in 2013 and will conduct a fixed asset census again in 2018. For physical stock counting, all unit in Ministry of Trade conducted this activity twice a year (every six months).

### Table 5. Details of Fixed Assets

<table>
<thead>
<tr>
<th>No</th>
<th>Category</th>
<th>2016</th>
<th>2015</th>
<th>Increase/ Decrease (Rp)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Land</td>
<td>873,269,311,330</td>
<td>633,535,700,530</td>
<td>239,733,610,800</td>
<td>37.84</td>
</tr>
<tr>
<td>2</td>
<td>Equipment and Machinery</td>
<td>737,943,705,884</td>
<td>774,838,850,595</td>
<td>(36,895,144,711)</td>
<td>(4.76)</td>
</tr>
<tr>
<td>3</td>
<td>Building</td>
<td>1,833,179,405,256</td>
<td>3,813,842,020,412</td>
<td>(1,980,662,615,156)</td>
<td>(51.93)</td>
</tr>
<tr>
<td>4</td>
<td>Road, Irrigation and Networking</td>
<td>25,283,113,925</td>
<td>26,414,981,044</td>
<td>(1,131,867,119)</td>
<td>(4.28)</td>
</tr>
<tr>
<td>5</td>
<td>Other Fixed Assets</td>
<td>23,924,077,177</td>
<td>30,549,269,318</td>
<td>(6,625,192,141)</td>
<td>(21.69)</td>
</tr>
<tr>
<td>6</td>
<td>Construction in Progress</td>
<td>206,848,093,348</td>
<td>339,616,571,028</td>
<td>(132,768,477,680)</td>
<td>(39.09)</td>
</tr>
<tr>
<td>7</td>
<td>Accumulation of Fixed Asset Depreciation</td>
<td>(755,872,830,135)</td>
<td>(898,241,732,802)</td>
<td>142,368,902,667</td>
<td>(15.85)</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>2,944,574,876,785</td>
<td>4,720,555,660,125</td>
<td>(1,775,980,783,340)</td>
<td>(37.62)</td>
</tr>
</tbody>
</table>

Source: Financial Statements of Ministry of Trade Audited Year 2016

Regarding the system implementation, regulations relating to the inventory of fixed assets within the Ministry of Trade still refer to Government Regulation No. 27 (2014) about Management of State/Regional Asset. However, this regulation has not been synchronized with the internal regulations of the Ministry of Trade. The Ministry uses Operating Procedure Standard (SOP)
No. MOT-10.04.CFM.01.SOP.02 (establish in 2012) about Administration of State Property as a reference of technical implementation on inventory process of the fixed asset.

Legal Audit Stage

The result of RII calculation shows that each statement item is representing the legal audit variable with an average result of 0.76. This result indicates that respondents agree that a solid legal audit process will contribute in optimizing the management of fixed assets.

The rules used in this regard is the Government Act No. 27 (2014) on the Management of State/Region Assets, especially articles 43 and 44 related to security and maintenance. Legal audit activities at the Ministry of Trade cover administrative, physical and legal safeguards which fixed assets in the form of land must be certified on behalf of the Government of the Republic of Indonesia; fixed assets in the form of buildings shall be protected with proof of ownership on behalf of the Government of the Republic of Indonesia; Then, other fixed assets should be protected with the proof of ownership on behalf of the Users of Assets.

The importance of the legal status of fixed asset determines the pace of development process because all construction require complete documents such as land certificates. Clarity over the status of fixed assets will also avoid the bias of ownership and utilization of fixed assets as well as to avoid disputes. A reliable legal audit process will affect the optimization of asset management.

However, there is a problem related to legal audit based on audit finding by the Audit Board in Internal Control System Report. The problem is concerning the physical security of the asset ownership. The problem addresses fixed assets from deconcentrating-fund. This is due to
the project existence which crosses institution and cross-region. The location of fixed assets is outside the central unit of the Ministry of Trade and is under the direct supervision of other institutions. Therefore, it is necessary to have technical procedures standards of the fixed assets management so all fixed assets under the control of the Ministry of Trade will have a similar standard. Also, it is also necessary to develop the human resources of the fixed asset management in the central and regional level compiled by the Ministry of Trade.

**Valuation Stage**

![RII of Asset Valuation](source)

Figure 4 above shows the value of RII for asset valuation variables seen from fixed asset managers and internal auditors’ side. The process of valuation of fixed assets has been assessed well with an average value of 0.79. In this case, the process of fixed assets valuations is carried out following the Government Accounting Standards. This standard requires assessment related to the value of the assets that will be used asset utilization in the future. The valuation uses fair value of the assets which represents in its taxable value (NJOP) as its lowest value.

Based on the Minister of Finance Act No. 166/PMK.06/2015 On the Assessment of State Property, the assessment is conducted for: 1. the preparation of the Central Government's balance sheet; 2. Utilization; 3. Alienation; or 4. the implementation of other activities under the rules of law. This study focused on the optimization of fixed assets as its objectives. This study aims to give a comprehensive understanding of the agency about the importance value of its assets. Therefore, the Ministry will be able to create a proper policy on its utilization. However, there is a weakness in this phase that needs to be addressed by the agency. The drawback is related to the value information of the assets for future asset utilization. The
valuation of fixed assets is still referring to the five years revaluation of the national program under the Ministry of Finance supervision. The valuation of fixed assets for utilization is limited to the asset lease cooperation that has been done. The rest of the valuation of fixed assets is done for elimination.

For the utilization of fixed assets assessment, the Ministry of Trade involves the Directorate General of State Assets (DJKN) of the Ministry of Finance. Then, for the assessment with the aim of elimination and alienation, the Ministry of Trade refers to the Ministry of Finance Act No. 83 of 2016 on Procedures for the Implementation of Annihilation and Removal of State Assets. The Ministry of Trade uses the SOP number: MOT-10.04.CFM.01.SOP.04 of 2012 on the Abolition and Transfer of Fixed Assets to support the implementation of this matter. Thus, the SOP should be updated to comply with the current regulations.

**Optimization of Asset Utilization Stages**

![RII of Optimization of Asset Utilization](image)

**Figure 5. RII of Optimization of Asset Utilization**

*Source: Secondary Data (Processed)*

In this asset utilization section, the result of respondent's answer shows that all respondent agreed on the implementation of optimization of asset utilization done following the allocation of assets.

Assets can provide both economic and non-economic benefits. Economic utilization will be related to the increase of Non-Tax State Revenue (PNBP). Realization of PNBP of the Ministry of Trade on December 31, 2016, is Rp101,109,834,116 or 159.23% of the estimated income of Rp63,497,567,800.00. The value of PNBP of the Ministry of Trade in 2016 compared to the previous year has been increased with the following details:
Table 6. Comparison of Realized Income of the Ministry of Trade 2015 and 2016

<table>
<thead>
<tr>
<th>No</th>
<th>Information</th>
<th>Revenue Realisation (Rp)</th>
<th>Increase/Decrease (Rp)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Revenues from the management of property, plant and equipment (Utilization and Transfer) and Revenue from Sales</td>
<td>1.751,261,520</td>
<td>1.522,145,195</td>
<td>229,116,325</td>
</tr>
<tr>
<td>2</td>
<td>Revenue from Services</td>
<td>85,059,474,495</td>
<td>66,035,693,414</td>
<td>19,023,781,081</td>
</tr>
<tr>
<td>3</td>
<td>Revenue from Interest</td>
<td>0</td>
<td>3,078,089</td>
<td>(3,078,089)</td>
</tr>
<tr>
<td>4</td>
<td>Income from the Prosecutor and the Judiciary and the Results of Corruption</td>
<td>6,537,517</td>
<td>0</td>
<td>6,537,517</td>
</tr>
<tr>
<td>5</td>
<td>Revenue from Education</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>6</td>
<td>Earnings and Fines Income</td>
<td>844,912,737</td>
<td>537,735,974</td>
<td>307,176,763</td>
</tr>
<tr>
<td>7</td>
<td>Other Revenue</td>
<td>13,447,647,847</td>
<td>4,731,070,033</td>
<td>8,716,577,814</td>
</tr>
<tr>
<td>8</td>
<td>Revenue from General Services</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Amount</td>
<td>101,109,834,116</td>
<td>72,829,722,705</td>
<td>28,280,111,411</td>
</tr>
</tbody>
</table>

Source: Secondary Data (Processed)

Achievement of the increase in PNBP of the Ministry of Trade is a positive achievement in the framework of asset management. The Ministry of Trade has potential to improve the assets management, especially regarding its elimination, utilization and management. This potential is due to a centralized unit that manages the Ministry assets. Therefore, the ministry should consider creating one-door clinic of fixed asset consultation that will provide and develop technical guidelines for the implementation of the utilization of fixed assets in the Ministry of Trade across the country.

Supervision and Control Stage

Similar to 4 (four) variables that have been discussed previously, the results of data processing for monitoring and control variables also indicate that in general the implementation of this variable is considered 'good' by the respondents.
These results indicate that the supervision and control of fixed assets have been carried out periodically. Monthly reports have been followed-up and represent in the audit report carried out by functional supervisors. Supervision and control over fixed assets are supported by the Management Information System and Accounting for State Property (SIMAK BMN) as a form of asset management transparency. Additionally, Inspectorate General of the Ministry of Trade also conducts review activity of Financial Statement twice a year (every six months). The process of supervision and control of fixed assets carried out by the Ministry of Trade refers to Regulation of the Ministry of Finance No. 52 (2016) on Amendment to Regulation of the Minister of Finance No. 244/PMK.06/2012 on Procedures for Implementation of Supervision and Control BMN.

However, the result of this research suggests that the professionalism of human resources in managing fixed assets still need improvement. The interviews that have been done and field observations indicate that the BMN managers (in this case SAI operators) are not the primary job that gets priority from the employees. Many of the operators have various other positions in the organization that is not related to the assets management. Some finding also indicates that the operators are not civil servants but honorary employees. This condition is contrary to the direction of the state asset management policy that is being encouraged by DJKN of the Ministry of Finance. The new policy requires all fixed asset operators not only become operators who merely input the application but also determine the level of optimization of its utilization. Currently, there are many employees that manage BMN lack of basic competence in asset management. Another problem that has been identified in this research is the duality of institutions that responsible on assets management. Those are the Financial
Bureau that works on assets administrative and the Public Bureau that work on the management of physical assets. The Ministry should consider merging these two bureaus to create fast, efficient and effective of assets management in the Ministry of Trade.

Implementation of Fixed Assets Management

![RII of Implementation of Fixed Assets Management](image)

**Figure 7. RII of Fixed Assets Management**

*Source: Primary Data (Processed)*

Concerning fixed assets management, the result of RII test shows that all stages of fixed asset management in the Ministry of Trade categorized as good. Asset valuation variable is rated the best performance with the highest RII at 0.79 compared to other variables. It is followed by the inspection and control variables with a value of 0.78. Then, asset inventory with 0.77 and legal audit 0.76. Finally, optimization of asset utilization in the last position with a value of RII 0.74.

**CONCLUSION**

The research on the implementation of fixed asset management in the Ministry of Trade covers inventory asset, legal audit, asset valuation, optimization of asset utilization and supervision and control. The results of this research categorized as 'good' regarding perceptions of the implementation of asset management. However, none of these variables is categorized as 'very good'. Thus, all of the variables still need attention and improvement in the future. The list of the weaknesses each phase that need to be fixed can be described in the table below.
Table 7. Recapitulation of the problem

<table>
<thead>
<tr>
<th>Phase</th>
<th>Problems</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset Inventory</td>
<td>Inventory of assets does not fully refer to the data, location, and condition of the real fixed asset</td>
</tr>
<tr>
<td>Legal Audit</td>
<td>Physical security of fixed assets is not fully feasible</td>
</tr>
<tr>
<td>Asset Valuation</td>
<td>Asset valuation has not provided information on the value of wealth for future asset utilization</td>
</tr>
<tr>
<td>Optimization of Asset</td>
<td>• Optimization of fixed assets has not been done comprehensively</td>
</tr>
<tr>
<td>Utilization</td>
<td>• Optimization has not yet accommodated fixed assets that need to be removed as a form of efficiency</td>
</tr>
<tr>
<td>Supervision and Control</td>
<td>Official that handle of fixed asset trough SAI application have not yet fully possessed basic competence in the knowledge of fixed assets and are not fully engaged in the task of managing fixed assets</td>
</tr>
</tbody>
</table>

**Source:** Primary and Secondary Data (Processed)

**SUGGESTIONS**

This research suggests several options for solutions that can improve assets management in Ministry of Trade as follows:

2. The Ministry should upgrade its SOP on the technical implementation of BMN management starting from inventory up to its supervision.
3. The Ministry should establish a competency management system of fixed asset managers by involving BMN managing officers to carry out a series of structured training on the management of fixed assets besides participating actively in workshops or in-house training on the management of fixed assets.
4. The Ministry could open a fixed asset consulting centre addressing the removal, utilization and management of assets.
5. The Ministry should simplify the process of BMN management into one door. So, the asset management both physically and administratively is in one organizational structure. This unified unit will facilitate the implementation and development of fixed
asset management while reducing coordination costs and minimizing miscommunication.

6. The Ministry should improve the fixed asset database that represents the real conditions of fixed asset by restructuring assets.

Furthermore, concerning the development of digitalization in the millennium era, one suggestion for the development of optimization of fixed asset utilization is to initiate the preparation of BMN mobile applications that are easy to use and easy to access. Thus, the process of assets inventory regarding the updates of information of BMN can be easily tracked by the manager as well as by the inspectors for internal control purposes. The Ministry can adopt the system from Meteorology, Climatology, and Geophysics Agency (BMKG).

To sum up, this study is not perfect and still has limitations considering the analysis is based on the number of return questionnaires in which the number could not meet 100 percent of the expected population due to some constraints of time and human resources. For the future, for researchers who want to do similar research may use a broader scope of the respondent to produce a better analysis.

REFERENCES


Peraturan Pemerintah Republik Indonesia Nomor 71 Tahun 2010 tentang Standar Akuntansi Pemerintahan.


Undang-Undang Nomor 1 Tahun 2004 tentang Perbendaharaan Negara.