

Analysis of Asset Use and Utilization to Reduce Fraud in Regional Fixed Asset Management in West Sumatera Province's Management, Finance, and Regional Asset Agency

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Abstract — Domestic Government Regulation Number 19 of 2016 concerning the Management of Regional Property regulates each government agency to regulate and implement the management of regional assets in accordance with applicable regulations. The Regional Finance and Asset Management Agency (BPKAD) of West Sumatra Province as the representative of the West Sumatra Provincial Government in managing regional assets. The BPKAD of West Sumatra Province carries out the use and utilization of assets in supporting the government's work program in optimizing regional asset management and preventing fraud in regional fixed assets. The research method used is the descriptive analysis method. The results of the study indicate that the use of land assets is in accordance with applicable regulations, while the utilization of land assets has not yet been optimally implemented because asset utilization activities have not been fully implemented as stated in the regulations. The potential for fraud still exists because land records have not been fully completed as they should be.

Keywords: *Land asset management, asset use, asset utilization, minimizing fraud*

I. INTRODUCTION

The development of the government accounting system in Indonesia is very visible in the change in the accounting basis which initially adopted a cash basis then changed to an accrual basis as regulated in Government Regulation Number 24 of 2005 concerning Government Accounting Standards which has been replaced by Government Regulation Number 71 of 2010 concerning Government Accounting Standards adopted by the Indonesian Government in terms of regulating state financial management procedures. This development certainly has an impact on the course of government in terms of regulating the finances of the central government and regional governments where both the central government and regional governments must adjust to the changes made, especially in the treatment of fixed assets whose treatment changes are very visible.

Fixed assets are assets that have a useful life of more than 12 (twelve) months to be used in government activities or utilized by the general public where the assets whose acquisition value can be measured reliably, are not traded. The large number of fixed assets owned by the government is a great responsibility for the management of fixed assets and requires the government to make regulations regarding the management of fixed assets.

Management of regional fixed assets or Regional Property must be carried out in accordance with applicable regulations in order to create good governance to achieve effective, efficient, transparent and accountable financial management that can be accounted for to the community or public.

Based on the Regulation of the Minister of Home Affairs Number 19 of 2016 concerning Guidelines for Management of Regional Assets, it states that the management of Regional Assets is within the power, authority and responsibility of the regional leader, the Governor/Regent/Mayor. The regional secretary is the Manager of the goods and the user of the goods is the Regional Apparatus Organization or authorized official who uses Regional Assets.

Management of Regional Assets consists of appointing management officials, planning needs and budgets, procurement of goods, Use of Assets, Utilization of Assets, Security and Maintenance, Assessment, Transfer, Destruction, Removal, Administration, Guidance, Supervision and Control.

In Government Regulation Number 27 of 2014 and Regulation of the Minister of Home Affairs Number 19 of 2016, it has been explained how to manage Regional Property along with sanctions if violations occur, but in reality there are still many problems that occur regarding regional fixed assets. Fixed assets themselves are still a national problem for the government accounting system which is still a national problem that is still being sought for a solution.

The government's failure to be accountable for managing regional assets can be caused by several things, including misuse of assets caused by fraud. Fraud in accounting, both in the government and the private sector, is always a concern because it is very detrimental.

The Association of Certified Fraud Examiners (ACFE) defines fraud as an act of deception or error made by a person or agency who knows that the deception or error will cause a negative effect on the individual, society or other party who is harmed.

Fraud can be committed by top management or other employees in order to gain personal gain by committing corruption, collusion, fraud and other acts that violate



regulations that are detrimental to the country's finances and economy. State losses due to fraud on fixed assets certainly need to be considered where the fixed assets should be able to provide benefits and meet public needs but in reality the fixed assets owned are left neglected, not used according to their intended use and even controlled by other irresponsible parties due to poor management of fixed assets. As a result, the public is reluctant to trust the government because it is not responsive in handling the management of regional fixed assets and makes the public's view of the government bad.

The West Sumatra Provincial Financial and Asset Management Agency (BPKAD) is a financial and asset management agency owned by the West Sumatra Provincial Government. BPKAD is a combination of the Finance Bureau and the Regional Equipment and Asset Bureau. BPKAD is responsible for managing regional finances and assets.

The large number of regional fixed assets owned by the West Sumatra Provincial Government requires the regional government to manage the regional fixed assets owned properly so that they become added value and are beneficial for the development of West Sumatra Province. The regional head as the holder of authority over the management of regional fixed assets. The regional head determines policies in the management of regional fixed assets. BPKAD as the assistant to the regional head in handling regional finances and assets owned by the West Sumatra Provincial Government.

From several articles on the internet stating several problems that occur in the management of regional fixed assets. The Head of the BPK RI Representative Office for West Sumatra said that the problem of fixed assets is the main factor in the many exceptions in regional government audits. Of course, this needs to be studied further where the possibility of fraud or misuse of fixed assets occurs within the government environment.

The use of fixed assets owned by West Sumatra Province is considered still not orderly because many are not in accordance with their designation. Commission C of the West Sumatra DPRD assessed that the West Sumatra Provincial Government deliberately neglected the assets so that many were lost and abandoned. The West Sumatra Provincial Government even did not take steps to secure the assets. This can be seen from the fact that asset administration has not been realized. Representatives of Commission C of the DPRD explained that there are still assets that are not in accordance with their designation and do not have clear ownership. From reports in the field, many assets of the West Sumatra Provincial Government are not productive, even their ownership is unclear between belonging to the West Sumatra Provincial Government or someone else. This is because the assets are claimed to belong to the West Sumatra Provincial Government but do not have a certificate of ownership and vice versa there is a certificate of ownership but the assets no longer exist.

The West Sumatra Province from the results of the BPK RI audit received an Unqualified Opinion (WTP) but it does not mean that there are no findings or potential for fraud in the future, but currently it is still not so large that it does not

affect the fairness of the presentation of financial reports. The findings in question are specifically about fixed assets, namely the handover of documents (P2D) to the district and city governments and the use of PRSU assets that are not in accordance with the provisions, and have not adequately inventoried fixed assets, there are also 256 plots of land recorded in the KIB in the work unit but are not supported by proof of legal ownership.

The management of fixed assets in West Sumatra Province is still in limbo due to the transition from the old government to the new government. Previously, fixed assets were still considered worthless after being purchased compared to current assets. The development of the government accounting system shows that fixed assets are as important as other assets for the government and the community if their use and utilization are appropriate.

Many things can trigger fraud in the government environment, especially in the handling of regional assets. Indications of fraud are still high in the Regional Government due to poor administration. The large number of fixed assets owned by the regional government certainly has the potential to increase Regional Original Income (PAD) or become an investment for the regional government if managed properly. However, in reality, the potential of regional fixed assets is still not visible in the West Sumatra Provincial Government.

This phenomenon is certainly interesting to study further, the local government makes every effort to reduce fraud that occurs, especially in terms of asset misuse. Good procedures for use, utilization and security are needed to prevent theft, embezzlement, and other forms of violations of rules that violate established regulations. As stakeholders, the community certainly wants to know the ability of the local government to manage fixed assets owned transparently and optimally and minimize fraud in the management of fixed assets that support the needs of community services.

This study refers to previous studies related to the management of regional fixed assets or Regional Property (BMD): Sondakh (2017) stated that the use of Regional Property is in accordance with applicable regulations and has been running well, but the utilization of Regional Property has not been optimal because not all utilization activities have been carried out. What is different from previous studies is that this study was conducted at the Regional Financial and Asset Management Agency of West Sumatra Province. This study analyzes how the West Sumatra Provincial Government minimizes fraud that occurs in the management of regional fixed assets. This study was conducted to explore the perception of government accountability in the management of regional fixed assets against fraud that occurs in the government environment.

A. Problem Identification

Based on the background of the problem, the following problems were identified:

- 1) There is still potential for fraud in the management of fixed assets in the government environment even

though the audit opinion has been Fair Without Exceptions (WTP)

- 2) Utilization of fixed assets that are not in accordance with their designation.
- 3) Administrative in the use of fixed assets whose transfer has not yet been implemented.

B. Problem Formulation

Problem Formulation is a statement of a phenomenon, condition or concept that will be sought for a solution or answer through research with a deeper understanding using relevant science and tools. From the background that has been identified and limited. Then the problem formulated into the research question is as follows:

1. What are the real conditions of the use and utilization of land assets at the West Sumatra Province Financial and Regional Asset Management Agency?
2. How is the Use and Utilization of Land Assets at the West Sumatra Province Financial and Regional Asset Management Agency?
3. What efforts have been made by the West Sumatra Province BPKAD to minimize fraud against land assets?

II. LITERATURE REVIEW

A. Accounting

Accounting is the art of recording and summarizing financial transactions and interpreting the effects of a transaction on economic forces or modes of action, provisions or rules about measuring and procedures for collecting and reporting useful information about the activities and objectives concerning the finances of an organization.

Public sector accounting is a mechanism of accounting techniques and analysis applied to the management of public funds in high state institutions and departments below them, local governments, state-owned enterprises, regional government-owned enterprises, NGOs and social foundations as well as in public and private sector cooperation projects.

Accounting consists of a set of techniques practiced within a theoretical framework that must be adhered to. Accounting is intended to create conditions of openness and common views in society to convey accounting information to the public which is actually a manifestation of public goods. Accounting is an important infrastructure needed by organizations to be able to build accountability to the public.

The government accounting system is a series of manual and computerized procedures starting from data collection, recording, summarizing, and reporting the financial position and financial operations of the government (SAP, 2010). The regional government organizes regional government accounting by referring to regional regulations with reference to regional regulations on the main points of regional financial management which are prepared by referring to the principles of internal control of government accounting standards.

B. Fraud

Lanham et al argue that fraud is defined as a form of cheating that occurs in the running of an organization, including its resources, including deliberate fraud, taking office assets, falsifying accounts, embezzlement, burdening the organization with various things that have no basis, etc.

Simmons also believes that fraud occurs, among other things, through the presentation of low-quality information (reports), namely irrelevant, invalid, inaccurate, untimely, or incomplete (full disclosure).

The results of the physical calculation of regional assets with those in the accounting records that have a difference that is considered a state loss. State losses caused by fraud that occurs in the government environment are very often heard in the news and occur very often. Fraud is a deliberate deception, which causes losses to other parties and provides benefits for the perpetrators of fraud and/or their groups.

The Association of Certified Fraud Examiner (ACFE) also explains that fraud is an unlawful act that is done intentionally for a specific purpose, done by people from inside or outside the organization to gain personal or group benefits directly or indirectly from another party. So fraud is a deliberate act carried out by a person or group to gain personal benefits.

The presentation of poor quality information will mislead users of the information because they do not make the right decisions. Fraud will indeed harm many parties such as individuals, organizations, governments, countries and nations. Many factors cause individuals and organizations to commit fraud either alone or in groups to gain benefits from the perpetrators of fraud, for example, a promotion because it can increase performance which in fact is only fictitious and many other examples are covered up by the perpetrators of fraud.

Fraud in public sector organizations is usually covered up by engineering or manipulating data and financial or accounting transactions, such as creating a work handover report (BAST) for a job that does not match the conditions, but the state spends more money than it should.

1) Types of Fraud:

- **Corruption:** Corruption is dishonest behavior by those in power and often involves actions that are illegitimate, immoral, or incompatible with ethical standards. This type of fraud is the most difficult to detect because many parties are involved, such as bribery. Where this often occurs in developing countries where law enforcement is still lacking and there is minimal awareness of good governance so that the integrity factor is still questionable. This type of fraud is difficult to detect because the parties involved work together to enjoy the benefits obtained from the results of this fraud. Corruption fraud involves abuse of authority/conflict of interest, bribery, illegitimate/illegal receipts and economic extortion that is very detrimental to the country.
- **Misuse of Assets:** Misappropriation of assets is a type of fraud that is carried out illegally and embezzlement of assets belonging to an

organization to enrich oneself and use the assets for personal gain, usually carried out by employees/staff in the agency. Misappropriation of assets is a form of fraud that is easy to detect, cases that involve misappropriation of assets are usually in the form of administrative errors. The resolution of cases of misappropriation of assets itself does not stop with the return of the assets, it must go through criminal charges for the act of misappropriation of assets, especially in cases of misappropriation of government assets.

- Financial Report Fraud: Financial statement fraud can be defined as fraud committed by management in the form of material misstatement of financial statements that harms investors and creditors, this fraud can be financial or non-financial. In some cases, fraud in financial statements often involves fictitious increases in income, recognizing income before it is earned, closing the books early (delaying costs to the next period), increasing inventory or fixed assets, not disclosing losses and liabilities.

2) Causes of Fraud

The most contributing factor in most frauds is weak internal control, which creates opportunities for those who are motivated to commit fraud to do so without fear. There are four factors that cause

fraud, namely greed, opportunity, need and exposure. The greed and need factors are factors related to the perpetrators of fraud and can also be called individual factors. These factors have two elements, namely:

- Grid factor, namely morals which include character, honesty and integrity which are related to greed.
- Need factor, namely motivation related to needs such as being in debt or living a luxurious lifestyle.

Opportunity and Exposure factors are factors related to the organization as a victim. The opportunity to commit fraud exists in every position/position held, but the size of the opportunity depends on the position/position within the organization.

3) Prevention of fraud

Fraud prevention can be done by fostering, maintaining and guarding the mental/moral of employees to always be honest, disciplined, ethical, and dedicated, as well as building an effective and efficient internal control system mechanism. In government, the inspectorate as an internal auditor has a role as a supervisory body for internal control in the government environment, for that internal audit needs to conduct a review and assess a good internal control system, ensure accountability for assets where there is a possibility of misuse and ensure that data management in the organization can be trusted, also assess the quality of work done and suggest improvements in carrying out tasks in order to increase efficiency and effectiveness.

C. Fixed Assets

Fixed assets are tangible assets that have a useful life of more than 12 (twelve) months for use or intended for use in government activities or for use by the general public.

As stated in Government Regulation Number 27 of 2014, regional fixed assets or Regional Property are all goods purchased or obtained at the expense of the state revenue and expenditure budget or originating from other legitimate acquisitions. Regional Property is managed by authorized officials who are responsible for determining policies and guidelines and managing Regional Property.

Regional fixed assets are a major part of government assets that have a very large value in the financial position report. The management of regional fixed assets has a system and procedure based on the principles of functionality, legal certainty, transparency, efficiency, accountability and certainty of value.

D. Use of Regional Fixed Assets

The use of regional fixed assets is an activity carried out by users of goods in managing and administering regional fixed assets in accordance with the duties and functions of the relevant Regional Apparatus Organization (OPD).

The regional head determines the status of use of regional fixed assets and in certain conditions such as regional fixed assets that do not have or fixed assets with a certain value to the goods manager which is carried out annually. The Regional Head revokes the status of use of fixed assets that are not used in carrying out the duties and functions of the goods user. Sanctions in the form of freezing of maintenance funds for regional fixed assets if the goods user does not hand over the unused fixed assets.

Determination of the status of use of regional fixed assets is carried out for the implementation of OPD tasks and functions and operated by other parties in order to carry out public services in accordance with the tasks and functions of the relevant OPD. Determination of status does not apply to inventory items, construction in progress, items whose initial procurement was planned to be donated and renovated fixed assets. Determination of the status of use of regional fixed assets includes:

1) Determination of the status of use of regional fixed assets/Regional Property.

Users of goods submit an application for determination of the status of Regional Property obtained from APBD burdens and other acquisitions. Submission of application for determination of status must be accompanied by supporting documents. Supporting documents for assets in the form of land are photocopies of land certificates. Regional fixed assets whose initial procurement is planned to be transferred by way of capital participation, the Regional Government must attach the following documents:

- a) Photocopy of budget implementation document;
- b) Photocopy of ownership document (land certificate); and
- c) Photocopy of acquisition document.

If the regional fixed assets in the form of land do not have a photocopy of the certificate, the document can be replaced with:

- a) Deed of sale and purchase;
- b) Girik;
- c) Letter C;
- d) Statement of release of land rights;
- e) Statement of the village head or village chief if any; and
- f) Minutes related to receipt of goods or other documents equivalent to ownership.

After the user of the goods makes a request for the determination of the status of the goods, the goods manager will conduct a study on the request. If the request for the determination of the status does not meet the requirements, the goods manager will request additional data from the user of the goods and conduct a check in the field.

Based on research conducted by the goods manager, the regional head decides whether the determination of the status of Regional Property is approved or not. The determination of the status that has been approved by the regional head through the goods manager issues a report on the determination of the status of use of regional property. The determination of the status that is not approved, then the regional head through the goods manager issues a letter of rejection to the user of the goods accompanied by the reasons.

2) Transfer of Status of Use of Regional Fixed Assets/Regional Property

The transfer of the status of use of regional fixed assets can be carried out based on the initiative of the regional head and the request of the old user of the goods. The transfer of the status of the user of goods must be notified in advance before being processed. The transfer of status is intended because the regional fixed assets under the control of the user of the goods are not used by the user of the goods. The transfer of status is used without compensation and is not followed by the procurement of replacement regional fixed assets.

Applications for status transfer must contain regional fixed asset data in the form of:

- a) Item code;
- b) Register code;
- c) Item name;
- d) Quantity;
- e) Type;
- f) Acquisition value;
- g) Depreciation value;
- h) Book value;
- i) Location;
- j) Area; and
- k) Year of acquisition.

In addition to regional fixed asset data, it must also contain data on prospective users of goods as well as an explanation and considerations for transferring the status of use of Regionally Owned Goods.

After the status transfer request has been fulfilled, the research will be conducted again by the asset manager. The asset manager will conduct research on the goods whose status will be transferred. The regional head will make a decision either to approve the transfer of usage status by issuing a decree or rejecting the transfer of usage status of regional fixed assets by including reasons or including the required data.

The obligation of the old user is to carry out the handover of regional goods to the new user which is stated in the handover minutes which is no later than 1 (one) month since the approval of the regional head. The old user of goods will propose the deletion to the goods manager of the goods whose status has been transferred to the new user of goods from the list of goods users. The deletion of Regional Goods is no later than 1 (one) week after the Handover Minutes (BAST) with the decision of the goods manager.

3) Temporary Use of Regional Fixed Assets/Regional Property.

Regional Fixed Assets that have been assigned a usage status to the user of the goods can be used temporarily by other users of the goods for a certain period of time without having to change the usage status of Regional Property after first obtaining approval from the regional head. The period of temporary use of goods for land and buildings is a maximum of 5 (five) months and can be extended. Temporary use of Regional Property for a period of less than 6 (six) months is carried out without the approval of the regional head.

Based on the research results, the regional head makes a letter of approval which contains at least:

- a) Data on regional goods that will be used temporarily;
- b) Users of goods who temporarily use regional goods;
- c) Obligations of users of goods who temporarily use regional goods that are used temporarily;
- d) Period of temporary use;
- e) Charging of maintenance costs; and
- f) Obligations of users of goods to follow up on the agreement.

If the regional head does not approve the application for temporary use of goods, the regional head will issue a letter of rejection to the user of the goods accompanied by the reasons.

4) Determination of the Status of Use of Regional Fixed Assets/Regional Property to be operated by other parties.

Regional Property that has been assigned a user status can be operated by another party in order to carry out public services. The use of regional property to be operated by another party must be stated in an agreement between the user of the property and the leader of the other party. The agreement for the use of property operated by another party must contain at least:

- a) Data on goods that are the object;
- b) Users of goods;
- c) Other parties operating regional goods;
- d) Designation of operation of regional goods;
- e) Period of operation of regional goods;

- f) Rights and obligations of users of goods and other parties operating regional goods;
- g) Termination of operation of regional goods; and
- h) settlement in the event of a dispute

Other parties operating regional assets are prohibited from transferring the operation of regional assets to other parties. Maintenance costs for regional assets that arise during the period of operation by other parties are charged to other parties operating regional assets during the agreement. The agreement between users of regional assets operated by other parties ends if:

- a) The end of the period of use of regional property to be operated by another party in accordance with the agreement
- b) The agreement is terminated unilaterally by the user of the goods
- c) Other provisions in accordance with the law

The agreement is terminated unilaterally by the user of the goods if the other party operating the regional goods does not fulfill the obligations stated in the agreement or there are conditions that result in the termination of the use of regional goods to be operated by another party as stated in the agreement. The unilateral termination must obtain approval from the regional head.

5) Utilization of Regional Fixed Assets/Regional Property

Asset utilization is the utilization of regional property that is not used for the implementation of government duties and functions and/or optimization of regional fixed assets without changing the ownership status. For asset utilization objects in the form of land and buildings, it can be done in whole or in part depending on the area of land and buildings utilized.

Utilization of regional fixed assets is carried out based on technical considerations by taking into account regional and public interests. Utilization of regional assets can be carried out as long as it does not interfere with the implementation of government tasks and functions. The cost of maintaining and securing assets that are the object of utilization is borne by the utilization partner. Types of utilization of regional fixed assets include:

6) Rent

Rent is the use of regional fixed assets for a certain period of time and receiving regional cash rewards. Renting is carried out for the following purposes:

- a) optimizing the utilization of regional fixed assets that have not/have not been used in the implementation of government tasks and functions;
- b) to obtain the facilities needed to support the tasks and functions of users of goods; and/or
- c) prevent the use of regional fixed assets by other parties illegally.

Parties that can rent regional fixed assets are State-Owned Enterprises (BUMN), Regional-Owned Enterprises (BUMD), private companies and other legal entities. The maximum rental period for regional fixed assets is 5 (five) years from the agreement and can be extended. Extended for

infrastructure cooperation, business characteristic activities that require a lease of more than 5 (five) years or determined in legislation.

The lease term of regional fixed assets for activities with business characteristics of more than 5 (five) years is carried out based on the results of the calculation of the lease study carried out by the competent party. In the framework of infrastructure cooperation, the maximum is 10 (ten) years and can be extended 1 (one) time. The scope of utilization of regional fixed assets in the framework of infrastructure cooperation can be implemented through leases guided by statutory provisions.

7) Borrow and Use

Borrowing is the transfer of use of goods between the central government and regional governments or between regional governments for a certain period of time without receiving compensation. When the period ends, the fixed assets that are borrowed will be returned to the manager of the goods. The object of borrowing is a regional fixed asset that is handed over by the user of the goods to the regional head or part of the land used by the user of the goods.

Borrowing is intended to optimize regional fixed assets that have not been/are not used in the implementation of main tasks and functions, and also to support the implementation of regional government. The maximum loan period is 5 (five) years and can be extended 1 (one) time. In this case, the request for extension is submitted no later than 2 (two) months before the due date.

Borrowers are prohibited from utilizing the borrowed object. Borrowers can change regional fixed assets as long as it does not result in a change in function and a decrease in the fixed assets that are the borrowed object as long as they have received approval from the user or manager of the goods. Costs incurred during the borrowed period are borne by the borrower until the end of the agreement.

8) Utilization Cooperation

Cooperation in utilization is the utilization of regional fixed assets by other parties within a certain period of time in order to increase non-tax state revenue/regional income and other sources of financing. Cooperation in the utilization of regional fixed assets with other parties is carried out in order to optimize the utility and results of regional fixed assets and/or increase regional income. Cooperation in utilization is motivated by conditions where there is no or insufficient funds in the Regional Revenue and Expenditure Budget to meet the operational, maintenance, and/or repair costs required for regional fixed assets that are the subject of cooperation in utilization.

Cooperation in the utilization of regional fixed assets does not change the status of the regional fixed assets. Partners in the utilization of regional assets are State/Regional-Owned Enterprises (BUMN/D) and private parties except individuals. Partners in the utilization of regional fixed assets are required to pay a fixed contribution every year during the specified operating period and the profit sharing of the utilization cooperation is entered into the Regional General Treasury account.

The amount of fixed contribution payment and profit sharing calculation results are determined from the calculation results of the team formed by the regional head for land and buildings on it. In the Cooperation on Utilization of Regional Fixed Assets in the form of land, part of the fixed contribution and profit sharing can be in the form of land and buildings on it and its facilities which are built in one planning unit but are not included as objects of utilization cooperation. The amount of land with buildings on it and its facilities as part of the profit is a maximum of 10% (ten percent) of the total fixed contribution for profit sharing during the period of Utilization Cooperation.

Buildings built with a partial cost of fixed contributions and profit sharing from the beginning of their procurement are fixed assets. Cooperation partners for the utilization of regional fixed assets for the provision of infrastructure in the form of BUMD, the fixed contribution is a maximum of 70% (seventy percent) of the calculation results of the team that has been formed.

The term of the utilization cooperation is a maximum of 30 (thirty) years since the agreement was signed and can be extended. The term of the utilization cooperation for regional fixed assets to provide infrastructure can be extended for a maximum of 50 (fifty) years since the agreement was signed. During the term of the agreement, utilization cooperation partners are prohibited from pledging or pawning regional fixed assets that are the objects of utilization cooperation. The objects of utilization cooperation built by utilization cooperation partners become regional fixed assets since they are handed over to the government in accordance with the agreement or when the agreement ends.

9) *Build for Handover or Build for Handover*

Build-operate-transfer is the utilization of regional fixed assets in the form of land by another party by constructing buildings and/or facilities including their facilities, which are then utilized by the other party for a certain period of time that has been agreed upon and then the land and/or facilities along with their facilities are returned after the agreement period ends.

Transfer of use is the utilization of regional fixed assets in the form of land by another party by erecting buildings and/or facilities including their facilities and after completion of construction, it is handed over to another party to be utilized for a period of time that has been agreed upon.

Build operate transfer or build transfer of fixed assets owned by the region is carried out with the following considerations:

- a) Users of goods require development and facilities for the implementation of central/regional government for the benefit of public services in the context of implementing government tasks and functions.
- b) There are no or insufficient funds available in the Revenue and Expenditure Budget for the provision of these buildings and facilities.

The term of build-operate-transfer or build-transfer-operate is a maximum of 30 (thirty) years since the signing of the agreement and cannot be extended. The determination of the build-operate-transfer or build-transfer-operate partner is carried out through a tender. The build-operate-transfer or build-transfer-operate partner is a BUMD/BUMN, private parties except individuals and legal entities.

Build-operate-transfer or build-transfer-operate must be in the form of an Indonesian legal entity as a party acting on behalf of the build-operate-transfer or build-transfer-operate partner in the agreement. During the operation period, the build-operate-transfer or build-transfer-operate partner has the following obligations:

- a) Pay contributions to the regional general cash account every year, the amount of which is determined based on the calculation results of a team formed by an authorized official.
- b) Maintain the object of build-operate-transfer or build-transfer-operate.
- c) It is prohibited to guarantee, mortgage or transfer land that is the object of build-operate-transfer or build-transfer-operate which is used directly for the implementation of government duties and functions.

During the operating period, the results of the transfer of operation must be used directly by the implementer of government tasks and functions at least 10% (ten percent).

E. *Cooperation in Provision of Infrastructure*

Infrastructure Provision Cooperation (KSPI) is a cooperation between the government and the Business Agency for infrastructure provision activities in accordance with laws and regulations. This type of asset utilization is carried out on regional fixed assets. The implementation period for Infrastructure Provision Cooperation is a maximum of 50 (fifty) years and can be extended. Infrastructure Provision Cooperation Partners are determined based on statutory provisions. Infrastructure Provision Cooperation Partners must follow the regulations set out as follows:

- a) It is prohibited to pledge, mortgage, or transfer regional fixed assets that are the object of Infrastructure Provision Cooperation
- b) Must maintain the object of Infrastructure Provision Cooperation.
- c) Excess profits can be charged as long as there is excess profit obtained from that determined at the time the agreement begins. Distribution of excess profits that have been determined by the goods manager.

Infrastructure Provision Cooperation Partners must submit the objects of infrastructure provision cooperation and goods resulting from infrastructure provision cooperation to the government upon the end of the infrastructure provision cooperation agreement. Goods resulting from infrastructure provision cooperation become regional fixed assets since they are submitted to the government in accordance with the agreement.

III. METHOD

A. Research Approach

This research approach uses a descriptive approach, namely research that aims to provide a picture of reality on the object being studied objectively. Descriptive research takes problems or focuses on problems as they are when the research is carried out, the results of the research are then processed and analyzed to make decisions. Descriptive data is generally collected through questionnaires, surveys, interviews and observations.

B. Research Location and Time

This research was conducted at the Regional Financial and Asset Management Agency of West Sumatra Province, located at Jl. Khatib Sulaiman No.43 Padang, West Sumatra Province. This research was conducted from October 2017 until completion.

C. Types and Sources of Data

1) Primary Data

- 1) Data obtained directly from the first source, namely the Financial and Regional Asset Management Agency of West Sumatra Province. The data still needs to be managed by researchers from the results of direct observations of both the objects and subjects of the research which will be a source of information for the author.

2) Secondary Data

Secondary data is data obtained by the author in a ready-made/available state, such as quantitative data available at the Regional Financial and Asset Management Agency of West Sumatra Province.

2)

D. Data Collection Techniques

1. Documentation study (if secondary data)

Documentation studies were conducted to support secondary data by observing data in quantitative form provided by the Regional Financial and Asset Management Agency of West Sumatra Province which is related to the problem being studied.

2. Interview

Interviews are needed to support secondary data, usually the head of the division related to the research. The author will conduct a question and answer session and direct discussion with the Regional Financial and Asset Management Agency, especially the part related to the research.

3. Observation

Data collection is carried out intentionally and systematically regarding social phenomena to then be recorded, where the author directly participates in obtaining data related to the focus of the research.

3)

E. Data Analysis Techniques

In descriptive research, data analysis is an activity after all data has been collected from all respondents or other collected data sources. The data analysis technique uses descriptive analysis. Descriptive analysis is focused on the targets/variables/objects to be studied, namely the use and utilization of assets carried out by the West Sumatra Province Financial and Asset Management Agency and the efforts of the West Sumatra Province Financial and Asset Management Agency in avoiding fraud. Data can be in the form of sentences or words that can describe the picture of the research and draw general conclusions.

IV. RESULT AND DISCUSSION

A. History of the Regional Financial and Asset Management Agency of West Sumatra Province (BPKAD)

West Sumatra Province as a motivator and implementer of development that covers 12 (twelve) districts and 7 (seven) cities, needs financial management to be able to carry out tasks and governance. To realize this, the Governor Regulation Number 65 of 2011 concerning the duties, functions and job descriptions of the Regional Secretariat and the Secretariat of the Regional People's Representative Council of West Sumatra Province was issued, the Financial Bureau of the Regional Secretariat was formed which is an SKPD within the regional secretariat of West Sumatra Province.

Considering the existence of Central Government regulations related to financial management issues such as Law Number 17 of 2003 which regulates state financial management, which in it indicates the establishment of a special agency to handle regional finances. The reference became stronger after the enactment of the Minister of Home Affairs Regulation Number 13 of 2006 which contains as Chapter II, part one, article 5 paragraph (1) that the regional head as the holder of the authority to manage regional finances delegates some or all of his authority to the head of the OPD and the Regional Financial Management Officer (PPKD). Thus it is clear that in order to implement regional financial management, a special agency is formed to handle regional financial management because the tasks contained in the Minister of Home Affairs Regulation Number 13 of 2006 are very complex. Therefore, the West Sumatra Provincial Government is trying to realize this with many processes and socializations until the West Sumatra Provincial Financial and Asset Management Agency is formed.

The existence of the West Sumatra Province Regional Financial and Asset Management Agency is based on Government Regulation Number 18 of 2016 concerning regional apparatus which is followed up by Regional Regulation Number 6 of 2016 concerning the composition of the West Sumatra Province regional apparatus and Governor Regulation Number 39 of 2016 concerning the composition of the organizational apparatus of regional agencies and regional inspectorates of West Sumatra Province where BPKAD is a combination of the Regional

Secretary's Finance Bureau and the Asset Equipment and Management Bureau.

The BPKAD of West Sumatra Province is led by the head of the agency who has the task of formulating technical policies for managing regional finances and assets, implementing coaching, coordination, monitoring, evaluation and control of regional finances and assets. Also carrying out functions as regional financial management officials (PPKD) and regional general treasurers (BUD) as well as providing support for the implementation of government.

Due to the many tasks and functions carried out by the BPKAD of West Sumatra Province, it is necessary to establish a Technical Implementation Unit in the context of counseling, coaching and development of district/city management, so that the issuance of Governor Regulation Number 15 of 2017 concerning amendments to Governor Regulation Number 39 of 2016 concerning the composition of regional agencies and regional inspectorates of West Sumatra Province. Since then, the Regional Financial and Asset Management Agency of West Sumatra Province has been established.

B. Vision and Mission of the Regional Financial and Asset Management Agency of West Sumatra Province (BPKAD)

Vision is a general formulation of the desired state at the end of the planning period of the hope to be achieved, based on conditions and potential as well as predictions of challenges and opportunities in the future. Vision is a picture that opposes the future state containing ideals and images that the Financial and Asset Management Agency of the Province of West Sumatra wants to realize.

Starting from the duties, functions and responsibilities of the West Sumatra Provincial Financial and Asset Management Agency in organizing, fostering, facilitating, monitoring, evaluating, coordinating and controlling the administration of regional treasury and cash, budget, accounting, and assets as well as the district/city financial budget as well as being a realistic and credible future identity and becoming an organizational culture. In line with that, the vision of BPKAD is to realize professional, accountable and transparent regional financial and asset management based on information technology and in accordance with applicable regulations.

To provide clarity so as not to give rise to different assumptions and perceptions, it is necessary to explain the essence contained in the intended vision, namely realizing the ideals that are to be achieved and its nature is always directed towards the better, both in terms of financial management and regional assets, financial administration and regional assets from planning, implementation and accountability.

- a) Professional: refers to improving the quality of optimal work processes and results and upholding ethics and integrity.

- b) Accountable: can be accounted for, must achieve targets and not conflict with applicable provisions.
- c) Transparent: openness in carrying out all organizational activities.
- d) Information technology-based: management of regional finances and assets that use and utilize information technology.
- e) Applicable provisions: carry out tasks with reference to regulations and legislation.

Mission is something that must be carried out or implemented by government agencies in accordance with the vision that has been set so that the organization's goals can be implemented and be effective. With this mission, it is hoped that all apparatus and stakeholders can know the roles and programs and results to be achieved in the future from the vision that has been set.

To realize the vision and provide policies on the objectives to be realized and to provide focus on the programs to be implemented and to strengthen the work ethic. The mission of the Financial and Regional Asset Management Agency of West Sumatra Province is:

- a) Improving the professionalism of the apparatus discipline in managing regional finances and assets.
- b) Improving the quality of planning, budget discipline, accountability and transparency of regional finance and asset management.
- c) Realizing a regional finance and asset management system based on information technology.

C. Analysis of the Use and Utilization of Regional Land Assets of the Regional Financial and Asset Management Agency of West Sumatra Province

Management of regional land assets requires supervision and control with the aim of utilizing the potential of the land and preventing land from being abandoned. Supervision carried out by the Regional Financial and Asset Management Agency has been carried out in the inventory stage which has entered a digital model in the form of the Regional Goods Management System (SIMBADA). Supervision and control of assets of the West Sumatra Provincial Government in minimizing fraud and misuse of assets is carried out by the head of the OPD who has received a determination of the status of use and also supervision from the West Sumatra Provincial Inspectorate.

The coverage of land assets owned by the Provincial Government through BPKAD which are spread throughout all regencies/cities in West Sumatra Province, some of which are even located outside the region, is an obstacle in direct asset supervision. The occurrence of land disputes with other parties that end in long settlements and often reach the legal realm if no agreement is reached between the two parties is not the first time faced by the government.

The obstacle in resolving land disputes is if the land in question is controlled by another party or the community who have lived on the land for years, even though the government has set up a government land sign, the land acquisition process can take a long time, there are also those who claim ownership of the land and do not want to return it to the government.

Coaching from regional heads is often carried out by the West Sumatra Provincial Government in order to secure regional fixed assets so that they are not taken over by other parties. The Inspectorate as an internal government supervisor also supervises regional fixed assets owned by BPKAD where the Inspectorate will reprimand the manager of the goods if there is a report stating that the fixed assets are not in accordance with their designation or there are other parties who are not responsible for taking over or controlling government assets.

To avoid fraud in the management of regional fixed assets, the West Sumatra Province BPKAD is trying to complete land documents so that if a dispute occurs in the future, the problem that occurs will not be prolonged and the resolution can be done quickly. Judging from the stages, many government land assets do not have complete documents, based on interviews the cause is due to poor administration due to negligence of government employees who do not enter land asset specifications for a long time on the grounds of forgetting and when questioned about the validity of the land documents they have to look for them again to be included in the Goods Inventory Card.

From the research conducted, there is some information that has been obtained by the author where the use of regional land assets managed by the West Sumatra Province Financial and Regional Asset Management Agency is in accordance with applicable regulations. The mechanism of the procedure for determining the status of use of regional fixed assets is in accordance with the Regulation of the Minister of Home Affairs No. 19 of 2016. This can be seen from the flow of applications for determining the status of use of regional fixed assets which continues until the approval of the regional head and users of goods who receive status determination for regional fixed assets that have become their responsibility in carrying out government duties and functions.

The mechanism for utilizing land assets in the form of rent and borrowing is in accordance with applicable regulations from the application process to the approval of the regional head or property manager. However, it is still less than optimal where the utilization of assets carried out by the government is limited to renting and borrowing from 6 (six) types of utilization that can be carried out in accordance with the Regulation of the Minister of Home Affairs No. 19 of 2016 considering the large number of land potentials managed by the West Sumatra Province Financial and Regional Asset Management Agency which can be utilized to increase Regional Original Income and also help the government so that assets owned by the region that have been left so far are maintained because they are utilized properly.

Of the many assets managed by the Regional Financial and Asset Management Agency, the utilization carried out is still very small compared to the number of existing assets. Land assets are mostly managed by the West Sumatra Provincial Government itself which if utilized can be another source of income that can be used for the public interest.

The real condition of asset utilization managed by other parties for rent is only 1 (one) and for borrowing and the rest is used by the West Sumatra Provincial Government itself. This amount is still not optimal where in accordance with the Regulation of the Minister of Home Affairs No. 19 of 2016 optimal asset utilization includes rent, borrowing and use, utilization cooperation, build transfer and operate/build operate transfer, and infrastructure provision cooperation. The Sumatra Provincial Government only carries out rent and borrowing and it is still very far behind compared to other provinces in Indonesia that optimize asset utilization in order to build a more advanced regional economy.

The potential for fraud in the management of regional fixed assets at the West Sumatra Province Financial and Asset Management Agency is still very high when viewed from an administrative perspective that is very vulnerable and needs to be corrected. In the attachment of the Goods Inventory Card (KIB) - A, it can be seen that there are still many lands whose ownership documents are incomplete. Of course, this incomplete document can cause what is called public perception of the existence or absence of the asset. According to the Head of the Asset Division of the Regional Financial and Asset Management Agency, the incomplete ownership data on the Goods Inventory Card is due to staff forgetting/not entering it into the Goods Inventory Card.

One of the cases of land assets belonging to the West Sumatra Provincial Government located in Bandung with an area of 3,000 M2 in 2016 was reported to have been claimed by another party claiming to be an heir who claimed to have purchased the land from a government official who was reviewed to have a sign stating that the land belonged to a private person or another party.

In this case, there are many allegations that there was fraud by irresponsible individuals without knowing the procedure. Based on the regulations, the sale of regional assets must be based on procedures and is not that easy. The quick steps taken by the West Sumatra Provincial Government for this case were to immediately conduct an investigation and take legal action as soon as this information emerged until the regional land assets could be returned.

The existence of land ownership documents is very important in dealing with the legal realm of land disputes that occur. Completeness of ownership documents strengthens the validity that states that the land does belong to the Regional Government, especially for assets that are very far from the reach of the Regional Government.

From the case of the Land assets owned by the West Sumatra Provincial Government, we can see indications of fraud against regional land assets due to

negligence in the management of fixed assets. Management of fixed assets is not free from government supervision so that many irresponsible parties take advantage of this situation to control fixed assets owned by the government without permission and are reluctant to return them to the government voluntarily and must go through the legal realm.

The government from year to year strives to continue to correct errors in both administrative and supervisory aspects. For the administration of fixed assets owned by BPKAD, SIMBADA is used in inventorying regional fixed assets. Asset guidance is also always carried out routinely and also the role of the inspectorate in internal government control in terms of supervision. BPKAD re-registers regional assets and makes visits to where the assets are located.

V. CONCLUSION

A. Conclusion

The conclusion of this study is:

- 1) The real condition of the use of regional land assets by the BPKAD of West Sumatra Province is still in the data collection for the latest users of goods through SIMBADA. Meanwhile, the utilization of assets is still less than optimal based on Permendagri Number 19 of 2016 concerning Management of Regional Property where the utilization of assets carried out is still small compared to the assets used.
- 2) The procedure for the use of land assets carried out by the BPKAD of West Sumatra Province is in accordance with applicable regulations, namely Permendagri Number 19 of 2016 concerning the management of regional property.
- 3) The utilization of land assets by the BPKAD of West Sumatra Province is still not optimal as stated in Permendagri No. 19 of 2016 concerning Management of Regional Property because it only carries out Lease and Borrowing. For KSP, BGS/BSG and KSPI have not been implemented by the BPKAD of West Sumatra Province.
- 4) Asset recording is still not good where there are still many assets that do not have clear documents.
- 5) Efforts to minimize fixed asset fraud have not yet shown significant results because there is still land that is in the hands of other parties but has not yet been dealt with firmly by the government.
- 6) Supervision of Assets is still less than optimal for assets outside the Province.

B. Suggestion

- 1) Improving asset data collection to be more accurate and reliable.
- 2) Empowering assets owned by the West Sumatra Provincial Government in order to increase Regional Original Income.
- 3) Completing documents and providing action for staff and employees who input data so as not to forget the specifications of assets owned by the West Sumatra Provincial BPKAD.

- 4) The West Sumatra Provincial BPKAD is expected to take firm action on land assets controlled by other parties because these assets are state assets that must be maintained and utilized for the wider community.
- 5) The West Sumatra Provincial Government, Inspectorate, and DPRD work together to improve supervision of regional land assets.
- 6) Cooperating with the National Land Agency in accelerating the processing of land certificates that are still missing.
- 7) More transparency in disclosing regional assets to the public as stakeholders in government. The public definitely wants to know how the government is performing in managing the regional fixed assets it owns.

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