

Supervision and Control of Regional Assets at the Regional Asset and Financial Management Agency of City X, East Java: A Perspective of the Characteristics of Good Practice

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ABSTRACT: Despite having received twelve consecutive unqualified audit opinions (WTP), the supervision and control of regional assets (Barang Milik Daerah/BMD) in City X, East Java, still face significant challenges, including undocumented assets and weak legal safeguards. These issues highlight a persistent gap between formal compliance and effective asset governance, a condition also found in previous studies across Indonesia. Unlike earlier research that primarily focused on regulatory adherence, this study applies the internationally recognized good practice framework to evaluate asset management in a localized Indonesian context. Through a qualitative case study of BPKAD City X, particularly its Subdivision for Supervision and Control, data were collected via semi-structured interviews and document analysis, then analyzed using Miles & Huberman's interactive model. The findings reveal that while practices such as asset recording, digitization, transparency, and training are being implemented, strategic tools like the Strategic Asset Management Plan (SAMP), Life Cycle Costing (LCC), and multi-year planning remain underutilized. This study not only fills a gap in the literature by introducing a structured, internationally informed framework to the Indonesian local governance context but also contributes to ongoing discussions on public sector reform, offering insights into how institutional capacity and administrative culture influence the implementation of good practices in decentralized asset management.

Keywords: Regional Asset Management, Good Practice Framework, Public Sector Governance, Supervision, Decentralization in Indonesia.



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INTRODUCTION

The enactment of Law No. 23 of 2014 concerning Regional Autonomy mandates that regional governments manage their own affairs within the framework of the Unitary State of the Republic of Indonesia. Despite this autonomy, [\(Rahman, 2019\)](#) argues that local governments remain subordinate to the central government. One of their primary responsibilities is the management of regional finances, as stipulated in the law and reflected in regional financial statements, including

the management of regional assets (Barang Milik Daerah/BMD). These assets, as defined by the Ministry of Home Affairs Regulation No. 19 of 2016, include any goods acquired through the regional budget or other lawful means, which are reported in the regional balance sheet.

Efficient asset management is vital to supporting regional autonomy and must be carried out through a full cycle of activities: planning, procurement, usage, security, maintenance, appraisal, transfer, disposal, deletion, administration, coaching, supervision, and control. However, various studies, such as those by [\(Mokodampit et al., 2017\)](#); [\(Syahputra et al., 2017\)](#); [\(Astuti, 2020\)](#), have revealed issues in BMD management, ranging from regulatory misalignment to limited human resource capacity, lack of supervision, and incomplete asset documentation. Although City X has earned 12 consecutive unqualified audit opinions (WTP), internal interviews and prior studies indicate anomalies such as the lack of certificates for valuable assets which signal weaknesses in control and legal protection.

Efficient asset management is crucial to supporting regional autonomy and must be implemented through a complete cycle of activities: planning, procurement, utilization, safeguarding, maintenance, valuation, transfer, disposal, deletion, administration, development, supervision, and control [\(Sihaloho & Ginting, 2022\)](#). However, recent studies continue to reveal persistent issues in the management of regional assets (Barang Milik Daerah/BMD). These issues include regulatory misalignment, limited human resource capacity, inadequate supervision, and incomplete asset documentation [\(Sari et al., 2022\)](#). For instance, although a city may receive consecutive unqualified audit opinions (WTP), internal interviews and previous research often highlight anomalies such as the absence of certificates for valuable assets, indicating weaknesses in control and legal protection [\(Raharjo, 2022\)](#). This suggests that WTP achievements do not necessarily reflect optimal asset management.

This study employs a qualitative case study approach focused on BPKAD in City X. It particularly examines the supervision and control components of BMD management. These functions are crucial to ensuring accountability, minimizing loss or misuse, and aligning asset practices with Government Regulation No. 28 of 2020. Based on prior research [\(Lukito, 2017\)](#); [\(Syahputra et al., 2018\)](#); [\(Sihombing et al., 2016\)](#)), effective and continuous oversight is essential in improving asset governance.

Distinct from previous works, this study addresses a clear literature gap by applying the structured good practice framework developed by [\(Kaganova & Telgarsky, 2018\)](#), which has not yet been utilized in Indonesian regional asset management studies. By leveraging this internationally recognized framework, the research not only justifies its empirical focus but also contributes to advancing grounded analysis in a context that remains underexplored in the current literature. This framework, drawn from international asset management literature and professional debates in countries like Canada and the UK, provides a practical and comprehensive performance evaluation tool for public asset management. It emphasizes understanding key principles, consistent evaluation across asset classes (buildings, land, infrastructure), and specific guidance for local governments. Applying this framework is expected to address gaps in current supervisory practices and enhance the long-term benefits of regional assets for public service delivery.

METHOD

This research adopts a qualitative case study approach, suitable for exploring real-life settings and gaining in-depth insights into how and why certain events occur. The study aims to investigate how the Regional Asset and Financial Management Agency (BPKAD) of City X conducts supervision and control of regional government assets (Barang Milik Daerah/BMD) using the *characteristics of good practice* framework. The case study method is chosen to provide a rich, contextual understanding of these practices. The research is conducted at BPKAD City X, which was selected due to persistent asset management issues despite receiving consecutive Unqualified Audit Opinions (WTP). The primary focus lies in supervisory and control activities performed by key personnel, especially within the Subdivision for Supervision and Control of Regional Assets, and on assessing the potential transferability of the good practice framework in enhancing governance performance. Primary data are collected through semi-structured interviews and document reviews with two main informants directly involved in asset supervision: an Asset Analyst and the Head of the Accounting and Asset Administration Division. These open-ended interviews aim to elicit deep insights, guided by the asset management framework developed by Kaganova & Telgarsky (2018), which distinguishes between basic and advanced practices.

RESULTS & DISCUSSION

This study finds that most Good Practice characteristics in the supervision and control of regional government assets in City X have been implemented at the administrative level, especially those related to regulatory compliance, digital inventory systems (SIMBADA), procurement procedures, and transparency mechanisms. The City Government has formalized asset governance structures through Mayor Regulations, Regional Regulations, and internal SOPs. Practices such as routine asset inventory, digital recording, transparent auctions, and basic training for asset managers have been institutionalized and aligned with national guidelines.

Realities and Activities of Supervision and Control of Regional Government Assets in City X

The supervision and control of regional government assets (Barang Milik Daerah/BMD) in City X play a critical role in ensuring effective asset governance, compliance with regulations, and reliable financial reporting (Setiya & Guntoro, 2010). At the forefront of this responsibility is the Subdivision for Asset Supervision and Control under the Regional Financial and Asset Agency (BKAD), led by Ms. I.S. Despite regulatory frameworks such as Mayor Regulation No. 47/2022, City X faces significant challenges in asset management. Chief among these is the failure to regularly update asset usage records. Of approximately 8,000 assets, many remain listed without current data on utilization, hindering operational control. The unit also focuses less on financial reporting (balance sheets and CALK) and more on the operational monitoring of asset use.

Another major issue concerns outdated usage permits. Although Ministry of Home Affairs Regulation No. 19/2016 requires permits to be converted into rental agreements, many City X

assets still operate under old usage permits. Administrative hurdles, such as documentation completeness, hinder the transition. Additionally, there are cases of misuse, where residentially approved assets are informally converted for commercial purposes (e.g., convenience stores), resulting in substantial financial losses for the city due to the wide gap between usage fees and commercial rental rates. Ms. I.S highlighted such misuse, noting discrepancies where tenants benefit from low fees without corresponding returns to the city.

In response to these issues, BKAD has initiated field re-verification, especially targeting assets with expired permits or unpaid retributions. Standard Operating Procedures (SOPs) guide this process, involving reconciliation of usage reports, issuance of warnings, and updates to legal documents. However, capacity constraints limit administrative updates to only 100 200 assets annually. For land and buildings outside user control, monitoring includes reconciliation, evaluation, and formal notices; for other assets, monitoring involves drafting supervisory decrees, conducting inspections, reporting, and executing follow-up actions. These efforts align with Government Regulation No. 60/2008. Local governments worldwide hold significant public asset portfolios that require strategic management to enhance fiscal performance and optimize asset utility.

Implementation Practices of Supervision and Control of Regional Government Assets Based on the Characteristics of Good Practice

The “Knowing What You Have” Characteristic in the Management of Regional Government Assets (BMD) in City X

The “Knowing What You Have” characteristic in the management of Regional Government Assets (Barang Milik Daerah or BMD) in City X reflects the extent to which the local government possesses accurate and up-to-date information regarding its assets. This characteristic comprises three main dimensions: inventory activities, the level of digitalization in asset recording systems, and the diversity of inventory-related information. Based on interviews with the Regional Financial and Asset Management Agency (BPKAD) of City X, regular physical inventories are conducted by the Asset Administration Division. These inventories involve direct visits to each government unit (OPD) to verify recorded data with physical assets in the field, ensuring that information such as condition, location, and documentation is accurate. The findings are documented in formal inventory reports co-signed by relevant OPDs.

Following inventory, data reconciliation and verification are conducted to ensure consistency between BPKAD records and those of each OPD. City X has implemented the SIMBADA application (Sistem Informasi Manajemen Barang Daerah) to facilitate a digital, integrated system for asset recording. This system includes essential data such as asset type, acquisition year, condition, location, and value, along with unique barcode identifiers for each item. Assets are labeled and scanned to streamline tracking and reduce manual input errors. This computerization significantly enhances efficiency in both operational tasks and data reporting, especially during audits or when responding to official data requests. According to BPKAD officials, more than 90% of asset data management processes have been digitized.

Regarding information access, City X provides asset data through both public and internal channels. General asset information such as total value and quantities is published online via the Local Government Financial Reports (LKPD), accessible to the public. However, detailed data including item serial numbers, storage locations, and specifications remains restricted to internal stakeholders (BPKAD and relevant OPDs) via the SIMBADA system. Thus, City X ensures transparency through public reporting while maintaining secure and detailed administrative data internally. This dual system enables effective monitoring and accountability while safeguarding sensitive operational data.

Basic Asset Management: Understanding Why These Assets Are Needed

An essential element of effective asset management lies in the government's ability to clearly identify the necessity behind asset procurement. This demonstrates that acquisitions are driven not merely by available budgets but by well-analyzed and categorized needs ([Kaganova & Nayyar, 2000](#)). In City X, the Regional Asset and Financial Management Agency (BPKAD) ensures this understanding through a structured asset management classification system. The procurement process is governed by clear procedures outlined in Mayor Regulations No. 22/2010 and No. 33/2014, as well as Regional Regulation No. 1/2020. The Supervision and Control Division of BPKAD actively monitors procurement activities, especially those involving high-value or high-risk assets, to ensure they align with sound asset management principles. As stated by the Head of the Accounting and Asset Administration Division, oversight aims to guarantee compliance with strategic procurement guidelines.

Procurement activities in City X are systematically implemented through direct purchasing or public tenders, depending on the contract value. For procurements under IDR 200 million, direct purchasing is permitted, while those exceeding the threshold must undergo an open tender process. These practices are based on Mayor Regulation No. 33/2014 and Mayor Regulation No. 22/2010, which provide technical guidance for procurement processes. In addition, ethical governance of asset procurement is reinforced by Mayor Regulation No. 8/2022 concerning the Code of Ethics for Procurement. This regulation outlines the responsibilities of an ad hoc Ethics Advisory Council that reports to the Mayor through the Regional Secretary, particularly in cases of dispute or irregularities during procurement.

The City Government also involves the Regional Inspectorate, along with BPK and BPKP, to evaluate the effectiveness and compliance of asset procurement. These audits compare specifications and budgets with actual outcomes, and if irregularities are found, corrective measures such as item replacement, reimbursement, or fund returns to the regional treasury may be required. These evaluations ensure that procurement is aligned with organizational needs and avoids overspending or irrelevant acquisitions. The classification of asset procurement within a broader asset management framework, evaluated for efficiency, effectiveness, and necessity, indicates that City X has institutionalized a rationale-based asset management practice consistent with international standards ([Chariri, 2009](#)); ([Hanis et al., 2010](#)).

Basic Asset Management: The Use of Fair Value in Asset-Based Decision-Making

The Good Practice principle of applying fair value in asset-based decision-making includes three core characteristics: (1) the requirement for market-based asset valuation prior to any transaction; (2) the use of such valuations in decision-making processes; and (3) the application of market value in transactions involving public assets [_\(Kaganova & Telgarsky, 2018\)](#). In City X, Government Regulation No. 71 of 2010 and Mayor Regulation No. 53 of 2010 mandate the use of historical acquisition cost for fixed assets, with fair value applied only when acquisition cost is unavailable. This reflects a regulatory emphasis on administrative compliance rather than market-based supervision. As explained by Ms. I, an official at BPKAD, “The focus of supervision and control in City X is more on administrative compliance than on market-based valuation or asset sales.” Nevertheless, City X utilizes fair value assessments in significant asset transactions, especially those related to financial reporting. “For major asset transactions, we ensure the market value is reflected in the process,” she added. Although fair value application is not a central theme in asset regulations, its partial implementation in City X’s asset transactions indicates alignment with prevailing legal standards while highlighting the need for further integration into routine asset governance practices [_\(Government of City X, 2010\)](#).

Basic Asset Management: Good Governance Transparency

Transparency in the supervision and control of regional assets (BMD) in City X reflects adherence to good governance practices, particularly in terms of document accessibility, transaction openness, and reporting. The local asset management agency (BKAD) adopts a dual-access system: internal data is managed through the SIMBADA system, while external access is provided via publicly available financial statements (LKPD and CALK) [_\(Government of City X, 2022\)](#). Procurement transactions are conducted transparently through LPSE and LKPP portals, enabling public traceability and minimizing the risk of abuse. Internally, operational reports from local departments (OPDs) are consolidated through SIMBADA, allowing decision-makers to access real-time data for accurate policy decisions. As emphasized by Ms. D, Head of Accounting and Asset Administration, “Reports from each OPD have been consolidated and can be directly accessed by executives for quicker decision-making.” In terms of public accountability, financial reports containing asset-related information are published periodically and made accessible to citizens. Although transparency practices in City X are relatively well-established, further efforts to improve public access to detailed asset data are necessary to meet optimal transparency standards [_\(Kaganova & Telgarsky, 2018\)](#); [_\(Interview with Ms. D., 2025\)](#).

Basic Asset Management: Good Governance The Use of Auctions to Allocate Assets to the Private Sector

The allocation of regional government assets (BMD) to the private sector through auctions is a key aspect of good governance practiced by the Regional Asset and Financial Management Agency (BKAD) of City X. The transfer of asset ownership is regulated under Regional Regulation (Perda)

No. 1/2020 and Mayoral Regulation (Perwal) No. 26/2021, which stipulate that surplus, unused, or economically more valuable assets may be sold via public auction. As explained by Ms. D, Head of Accounting and Asset Administration, auctions are used specifically for asset sales, ensuring transparency and fair market value. All proceeds must be deposited into the Regional General Treasury in accordance with Article 83 of Perda No. 1/2020, and the auction process is overseen both by BKAD's internal supervision unit and by the Government Internal Supervisory Apparatus (APIP). This multilayered oversight mechanism enhances public trust and supports the accountability and efficiency of local asset management. By mandating open and traceable auction procedures, the local government promotes broader civic engagement and ensures compliance with applicable laws [\(Government of City X, 2020\)](#); [\(Interview with Ms. D., 2025\)](#).

Basic Asset Management: Good Governance The Use of Auctions to Allocate Assets to the Private Sector

This good practice emphasizes the importance of transparency and efficiency in managing revenue generated from regional assets, particularly through allocation for capital investment or debt repayment. Although direct oversight of revenue allocation is not under the authority of the Subdivision of Asset Supervision and Control in City X, it remains a relevant aspect of sound regional financial governance. As stipulated in Regional Regulation No. 1 of 2020, revenues from asset utilization such as rent, Build-Gain-Share (BGS) schemes, or cooperation agreements are deposited into the Regional General Treasury and constitute part of the region's Locally Generated Revenue (PAD). Mrs. D, Head of Asset Accounting and Administration, clarified that while her division monitors asset utilization activities, the responsibility for revenue allocation lies with the Regional Revenue Agency (BAPENDA). Furthermore, although asset supervisors do not directly manage allocations, revenue usage is documented in the regional budget (APBD) and subject to audit by the Audit Board of Indonesia (BPK) or the Financial and Development Supervisory Agency (BPKP). This system reflects an accountability-driven and fiscally sustainable approach, demonstrating how revenue from asset management is integrated into broader development and debt control strategies.

Advanced Asset Management: The Existence of a Framework

The existence of a framework in asset management is vital to ensure alignment across functions and consistency in operational execution. In Kota X, the management of Regional Government Assets (Barang Milik Daerah/BMD) is guided by national regulations, notably Ministry of Home Affairs Regulation No. 19 of 2016, and operationalized locally through the Decree of the Head of BPKAD No. 188.45/47/35.73.404/2018, which establishes the Standard Operating Procedures (SOPs) for asset management. These SOPs provide clear technical standards, task flows, and a division of responsibilities across units and asset types. As emphasized by Mrs. D, the framework functions as a structured reference to guide how tasks should be performed systematically. SOPs are differentiated between land/building assets and non-land assets, covering legal aspects, executor qualifications, interdepartmental coordination, and technical implementation details. This

formalized framework fosters structured, consistent, and accountable asset governance across all departments in the region, consistent with [\(Daft's, 2016\)](#) definition of organizational frameworks and [\(Handy's, 1993\)](#) emphasis on strategic task guidance.

Advanced Asset Management: Strategic Asset Management Plan (SAMP)

The Strategic Asset Management Plan (SAMP) is a structured approach aimed at maximizing the long-term value of public assets by aligning asset-related decisions with broader service delivery and financial goals. While the term "SAMP" is not formally used in Kota X, the principles of strategic asset management are operationalized through regulations such as Ministry of Home Affairs Regulation No. 19/2016, Regional Regulation No. 1/2020, and BPKAD's technical SOPs. These regulations outline the asset lifecycle from needs assessment, acquisition, maintenance, to disposal. According to Mrs. I, a Regional Asset Analyst, this cycle supports accountability and the optimization of asset utility over time. She emphasized that while strategic terminology is not applied directly, asset management planning in Kota X is already structured to ensure long-term benefits through formal procedures and monitoring processes. This includes identifying funding requirements, ensuring data completeness for asset planning, and implementing asset renewal strategies. Therefore, despite the absence of a standalone SAMP document, Kota X demonstrates partial alignment with good practice standards in strategic asset planning.

Advanced Asset Management: Staff Training Opportunities

Staff training is a critical component of effective Regional Asset (BMD) management in Kota X, as highlighted by the structured and recurring training initiatives facilitated by the Asset Oversight and Control Division of BKAD. Based on the 2018 SOP, these programs aim to enhance staff competencies and understanding of asset oversight, targeting not only internal asset managers but also community members holding asset usage permits (Izin Pakai). The training process includes socialization meetings, decree issuance, and outreach to government agencies, with a focus on preventing misuse of public assets especially unauthorized commercial use of residential properties. Conducted at least once a year, the training includes evaluations to measure improvements in staff capacity, underscoring the city's commitment to ethical, accountable, and well-regulated asset governance.

Advanced Asset Management: Life Cycle Costing and Management

Life Cycle Costing and Management is a strategic asset management approach that focuses on the entire lifespan of assets from acquisition to decommissioning to ensure efficient utilization, maintenance, and sustainability. In Kota X, this approach is implemented through four main characteristics. First, proactive maintenance and preventive repair schedules are applied by SKPDs in accordance with Local Regulation No. 1 of 2020 to maintain optimal asset performance. Second, asset condition records covering physical state, operational history, and repair logs are consistently

updated to inform rehabilitation and replacement plans. Third, asset renewal planning is based on condition assessments, with major rehabilitation projects funded through the regional budget (APBD). Fourth, annual operational and maintenance costs are recorded by each SKPD and monitored by BKAD to guide data-driven decision-making on asset efficiency. As emphasized by Ms. I, effective maintenance requires competent teams, integrated management systems, and continuous communication. The comprehensive implementation of these elements ensures accountability, operational readiness, and long-term sustainability in regional asset governance.

Life Cycle Costing (LCC) and management represent a strategic approach to asset management that focuses on the entire lifespan of assets, from acquisition to decommissioning, to ensure efficient utilization, maintenance, and sustainability [\(Saputra & Wibowo, 2023\)](#). This approach is particularly critical in the public sector to optimize resource use and minimize long-term costs [\(Nugroho & Handayani, 2022\)](#). In City X, the LCC approach is implemented through four key characteristics. First, proactive maintenance schedules and preventive repairs are enforced by Local Government Work Units (Satuan Kerja Perangkat Daerah/SKPD) in accordance with Regional Regulation No. 1 of 2020 to maintain optimal asset performance [\(Regional Regulation of City X No. 1, 2020\)](#); [\(Permana & Hartini, 2023\)](#). This reflects a strong commitment to preventing asset deterioration. Second, asset condition records comprising physical state, operational history, and maintenance logs are consistently updated to support rehabilitation and replacement planning [\(Rahmawati & Lestari, 2022\)](#). The accuracy and completeness of this data are critical for informed decision-making regarding future asset investments [\(Setiawan & Raharjo, 2022\)](#). Asset renewal planning is based on condition assessments, with major rehabilitation projects financed through the Regional Revenue and Expenditure Budget (APBD) [\(Wulandari & Firmansyah, 2022\)](#).

Advanced Asset Management: Capital Investment Planning

Capital investment planning, BKAD Kota X has adopted regulatory standards primarily Permendagri No. 19/2016 and Perwali No. 8/2022 as the foundation for asset procurement planning, implemented through the RKBMD (Regional Government Asset Requirement Plan). However, long-term investment projections have not yet been fully integrated due to limited RKBMD execution across asset categories. Multi-year capital investment plans are currently limited to infrastructure sectors, while assets such as equipment and machinery remain under annual planning. Additionally, the future operational and maintenance cost impacts of capital investments are not yet systematically assessed, primarily because long-term planning mechanisms have not been universally implemented. Life-cycle costing considerations are also not yet embedded in the technical investment planning process, given the absence of a comprehensive long-term projection framework. Nevertheless, BKAD utilizes the regional budget (APBD) to allocate asset-related expenditures: capital expenditures are designated for extending asset life, and maintenance expenses for preserving functionality. Although no dedicated reserve account exists, the current budgeting structure reflects a categorized approach to support asset repair and replacement needs, underscoring a partial alignment with good practices in capital investment planning.

Life-cycle costing considerations are not yet fully embedded in the technical investment planning process, due to the absence of a comprehensive long-term projection framework [\(Ambarwati & Santoso, 2023\)](#). The concept of life-cycle costing is critical in investment decision-making, as it accounts for the total cost of ownership over an asset's entire life span, rather than focusing solely on initial acquisition costs [\(Rahmawati & Lestari, 2022\)](#). Nevertheless, the Regional Financial and Asset Management Agency (BKAD) utilizes the Regional Revenue and Expenditure Budget (APBD) to allocate asset-related expenditures; capital expenditures are directed toward extending asset lifespan, while maintenance budgets aim to preserve functionality [\(Suprpto & Purnomo, 2023\)](#). This reflects a commitment to asset sustainability through relevant budget allocation.

Although no dedicated reserve accounts currently exist for long-term capital investment, the existing budget structure indicates a categorized approach to support asset repair and replacement needs [\(Putra & Mulyadi, 2022\)](#). This highlights a partial alignment with good practices in capital investment planning, although it has yet to reach an optimal level [\(Novitasari & Suartana, 2023\)](#). The presence of a classified budgeting structure illustrates efforts to manage assets systematically, although there remains significant room for further development, particularly in the areas of long-term forecasting and the comprehensive integration of life-cycle costing.

Analysis of Characteristics That Have Not Been Fully or Effectively Implemented

Despite the City Government of X consistently receiving Unqualified Opinions (WTP) from the Supreme Audit Board (BPK), several good practices in the supervision and control of regional assets remain poorly implemented. A critical issue lies in the basic asset management function, particularly in the identification and accurate administration of all existing assets. Interviews with asset analysts at the Regional Financial and Asset Management Agency (BKAD) of City X revealed that many valuable assets, such as land and buildings, remain uncertified and are not yet recorded in the regional asset database. This concern is supported by the 2023 BPK audit, which identified 21 land parcels belonging to the city that are uncertified and omitted from the Inventory Card (KIB) (BPK RI, 2023). Such deficiencies open opportunities for asset misuse and legal disputes, complicating asset security efforts.

Asset administration weaknesses are also apparent in the recording and updating of asset data. Duplicated records, unknown asset locations, and damaged but undeleted assets remain prevalent. These findings align with [Sihombing et al. \(2016\)](#), who argue that weak asset databases and infrequent updates hinder reliable asset management. Furthermore, transparency remains suboptimal. Although internal access is available within BKAD, information on asset status, value, and utilization is not publicly accessible. As a result, unauthorized private use of government land without contracts has occurred, as confirmed by the 2023 report from the City Inspectorate [\(Inspektorat Kota X, 2023\)](#). Research by [\(Astuti, 2020\)](#) and [\(Kaganova & Telgarsky, 2018\)](#) affirms that transparency is essential to ensuring accountability and preventing misuse of public assets.

The absence of a Strategic Asset Management Plan (SAMP) is another critical gap. Although City X has produced documents such as the Regional Asset Needs Plan (RKBMD) and asset SOPs, there is no formal framework for mapping asset life cycles or aligning them with long-term

development goals. The planning process remains fragmented across departments and is limited to annual needs without integration into medium- or long-term regional visions. A BKAD official confirmed that there is no strategic document outlining a 5 10 year asset roadmap (Interview, 2024). This is likely due to the lack of internal policy mandates and insufficient staff capacity for such initiatives.

The lack of life cycle costing practices further weakens asset efficiency. Current asset management focuses on acquisition and initial recording, with little attention to maintenance planning or cost-benefit analysis for asset disposal. [BKAD City X data \(2024\)](#) revealed that over 30% of government vehicles suffer from severe damage before reaching optimal lifespan but still incur operational costs under the local budget. This inefficiency reflects poor planning and wasteful spending. Supporting this, [\(Setyaningrum et al., 2021\)](#) argue that inadequate life cycle cost planning results in higher unexpected repair costs and reduced asset utility.

Long-term capital investment planning remains limited to physical infrastructure, while other assets are managed annually. Budget submissions by departments often replicate previous years' plans without thorough long-term analysis, as reported by [BPK RI \(2023\)](#). This is exacerbated by the absence of local regulations encouraging multi-year budgeting practices. According to [\(Astuti, 2020\)](#) explain that citing weak coordination and short-term planning as major barriers to effective asset governance. Moreover, the use of fair value assessments is inconsistent applied mainly in major asset transfers but not in daily asset management. Relying on historical acquisition costs may lead to suboptimal decisions regarding utilization or disposal. Studies by [\(Mokodampit et al., 2017\)](#) and [\(World Bank, 2018\)](#) recommend the consistent application of fair value to improve transparency and financial efficiency.

The lack of comprehensive good practices has led to asset anomalies in City X, including potential asset loss, budget waste, and reduced public trust. According to [\(Kaganova & Telgarsky, 2018\)](#) and [\(World Bank, 2018\)](#) emphasize the need for transparency, lifecycle planning, and staff training to ensure accountable and efficient public asset management. The absence of strategic planning results in asset acquisition being driven by short-term needs and budget availability, rather than integrated data-driven planning. Without life cycle costing, operational costs become unpredictable. Furthermore, limited capital planning and fair value use hinder the government's ability to make optimal decisions. These gaps collectively impact the quality of public service delivery and fiscal sustainability in the long term.

Analysis of the Applicability Level of Good Practice Characteristics in City X

In terms of relevance and suitability, almost all characteristics of Good Practice are highly applicable within the context of regional asset supervision and control in City X. This is largely attributable to the bureaucratic work culture in Indonesia, which tends to adhere to strong and structured normative guidelines. In the context of regional asset management, most local governments, including City X, are accustomed to adopting regulatory and administratively driven approaches that comply with prevailing laws and regulations. Therefore, administrative characteristics such as asset inventory, computerized asset systems, reporting mechanisms, auction

procedures, and staff training are more readily implemented and integrated into existing work systems. However, characteristics requiring strategic and integrative approaches such as the Strategic Asset Management Plan (SAMP), Life Cycle Costing (LCC), and long-term capital investment planning still face operational barriers in terms of applicability. These challenges are closely linked to work patterns that remain focused on annual budgeting cycles, limited technical capacity in life-cycle asset analysis, and a lack of internal incentives to adopt long-term strategic thinking. These obstacles do not arise from a lack of relevance of the Good Practice principles, but rather from the fact that a transition toward strategic thinking necessitates a broader transformation of organizational culture.

On the other hand, normative regulations such as Ministry of Home Affairs Regulation No. 19 of 2016, Government Regulation No. 71 of 2010, and various local regulations have already provided a solid legal framework and justification for the adoption of all Good Practice characteristics. From a policy perspective, there are no normative barriers preventing local governments from implementing these best practices. What is required is the gradual strengthening of implementation, starting from internal capacity building and the development of supporting systems, to fostering cross-sectoral synergies in asset-related decision-making processes. Accordingly, the level of applicability of Good Practice in the context of regional asset supervision and control in City X is considerably high, both normatively and structurally. However, a shared commitment is essential to transform current administrative work patterns into a more strategic and sustainable management approach.

To reinforce the implementation of characteristics that have not yet been optimally applied, it is necessary to strengthen several key aspects. First, the development of an asset information system that goes beyond administrative functions toward analytical and predictive capabilities is essential to support strategic decision-making. Such a system should be capable of presenting data on costs, asset lifespans, fair value, and scenario-based asset planning across various time horizons. Second, improving human resource capacity is equally critical. Asset management demands cross-disciplinary expertise, including public sector accounting, engineering, project management, and budgeting. Training programs must be enhanced in both frequency and content to adequately address the strategic aspects of asset governance. Third, synergy among local government work units (Organisasi Perangkat Daerah, or OPD) is necessary to ensure an integrated approach to asset planning. The planning process must shift from a sectoral and annual basis to a data-driven, needs-based, and long-term development-oriented framework. In this way, asset supervision and control will no longer be merely administrative routines but will become an integral part of the overall regional development process. Through the integration of administrative and strategic approaches, the supervision and control of regional assets in City X are expected to evolve into an exemplary, accountable, and sustainable asset governance system.

Moreover, the findings of this study align with the principles of the COSO Framework, particularly its five core components of internal control: control environment, risk assessment, control activities, information and communication, and monitoring. A strong control environment characterized by leadership commitment and an organizational culture that supports responsible

asset management forms a crucial foundation, as demonstrated in the Regional Asset Management Agency (BKAD) of City X. Risk assessment, particularly concerning assets not yet legally secured, highlights the need for more effective mitigation mechanisms. Systematic and procedural control activities must be reinforced to ensure compliance with asset management regulations and procedures. Effective information and communication especially through an integrated and transparent asset information system are vital to support accurate and accountable decision-making. Finally, continuous monitoring and evaluation are essential to ensure that asset supervision and control remain effective and adaptable to changing circumstances. By integrating the Good Practice characteristics with the principles of the COSO Framework, this study highlights the potential of BKAD in City X to enhance the governance of regional asset supervision and control. The interdisciplinary approach bridges public administration, accounting, and institutional governance, thereby expanding the study's academic relevance. To justify the inclusion of COSO, the framework is positioned not only as a tool for internal control but also as a complementary mechanism that reinforces transparency, risk management, and accountability in asset governance dimensions that are often underemphasized in regional practices. This integrated approach not only improves the effectiveness and accountability of asset management but also fosters public trust and supports the achievement of sustainable, service-oriented regional development goals.

CONCLUSION

Based on the analysis of the supervision and control practices of Regional Government Assets (*Barang Milik Daerah*, BMD) in City X through the lens of the *Characteristics of Good Practice*, it can be concluded that the majority of good asset governance principles have begun to be implemented particularly in asset recording, the use of digital systems, transparency mechanisms, auction procedures, and human resource training. The implementation of these good practice characteristics reflects a growing awareness and commitment from the local government toward efficient and accountable asset management. This emerging awareness can be interpreted as a form of institutional learning, where exposure to structured frameworks gradually influences internal governance behaviors. Furthermore, the adoption of such practices may signal the early stages of policy diffusion, positioning the study within broader discourses on organizational reform and behavioral change in public sector institutions. However, strategic and long-term characteristics have not yet been optimally applied. City X has not fully adopted the Strategic Asset Management Plan (SAMP), the Life Cycle Costing (LCC) approach, or multi-year capital investment planning. The absence of these elements results in a lack of strategic direction in asset management, insufficient preparedness for future needs, and potential cost inefficiencies due to inadequate maintenance cost planning. Although Indonesia normatively possesses a strong legal foundation to support the implementation of all Characteristics of Good Practice, actual application remains constrained by entrenched administrative work culture, limited technical capacity, and the absence of an integrated and predictive information system. This persistent gap between regulation and practice can be better understood through the lens of bureaucratic inertia, where institutional resistance to change hinders reform efforts. Additionally, elements of isomorphic mimicry may be

at play, as formal compliance with international standards does not always translate into substantive organizational transformation. Anchoring these findings in such theoretical frameworks deepens the understanding of systemic challenges in public sector reform. Therefore, institutional strengthening and a transformation in work culture are essential to enhance the quality of supervision and control over regional government assets.

To improve asset supervision and control, the local government should prioritize the adoption of strategic planning tools such as the Strategic Asset Management Plan (SAMP), Life Cycle Costing (LCC), and multi-year investment plans. These tools offer strategic advantages by enabling long-term forecasting, cost-efficiency analysis, and alignment between asset performance and service delivery goals. Comparative observations indicate that regions implementing these tools tend to achieve better asset sustainability, reduced maintenance backlogs, and improved budget predictability. Therefore, integrating such instruments is not merely a technical upgrade but a shift toward more proactive and accountable governance. These instruments such as SAMP and LCC will help anticipate future asset needs and support more efficient resource allocation. Beyond their technical utility, these tools contribute to more sustainable public resource management and enhanced fiscal efficiency, particularly at the local level. This is especially relevant for developing countries like Indonesia, which face increasing decentralization pressures and require stronger institutional capacities to manage public assets effectively. By emphasizing such tools, the study reinforces its policy relevance within broader efforts to strengthen local governance and financial accountability. It is also important to enhance technical capacity through regular training and expert support. The development of an integrated digital information system is necessary to enable predictive, real-time decision-making. In addition, work culture must shift toward proactive, performance-based governance. Strengthening these aspects will lead to more sustainable and accountable regional asset management.

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