
ANALYSIS OF FIXED ASSET UTILIZATION MANAGEMENT OF LOCAL GOVERNMENT AT THE REGIONAL FINANCIAL AND ASSET AGENCY (BKAD) OF SOUTH MINAHASA REGENCY

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ABSTRACT

Regional Fixed Assets or Regional Property (BMD) aser crucial regional assets that must be properly managed. These assets play a significant role as guarantees and as support for regional development success, and if managed effectively, they can provide great benefits to society. The Regional Financial and Asset Agency (BKAD) of South Minahasa Regency is a regional working unit (SKPD) responsible for managing regional assets. This management is essential to ensure that development and public services in south minahasa regency acan run effectivelly. The purpose of this study is to analyse how the management of regional fix asset utilization by the BKAD of South Minahasa Regency complies with Government Regulatioin number 28 of 2020. This research employs a qualitative descriptive method through observation, interviews, and documentation. The findings indicate that utilization of regional fixed assets by the BKAD of South Minahasa Regency has only been carried out in the forms of leasing and lending for use, and therefore has not yet fully complied with the applicable regulation.

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1. INTRODUCTION

Local government is an integral part of the governance system that plays a role in administering government at the provincial and regency/municipality levels, as regulated by law. As a regional apparatus, local government functions to implement, regulate, and manage governance I order to achive optimal outcomes. At present, the government has shown increasing commitment to implementing a good governance system, which has been widely adopted in indonesia. However, the implementation of good governance has not yet reached its optimal level and remains far from expectations. In an effort to realize good governance, the government must demonstrate a strong commitment to transparency and accountability, particularly in regional financial management. This encompasses various aspects, including regulations, institutions, financial information systems, and capacity building.

Local governments possess rights and authority in managing financial resources in accordance with the needs and aspirations of the community to support regional development. Nevertheless, such right and authority do not mean that local governments may freely use these financial resources without clear objectives. Instead, they must be managed transparently and accountably, both to the public and to the central government, which provides balancing funds



to every local governments consequently increase the scope of tasks at the regional level, particularly in the management of fixed assets or regional property.

Regional fixed assets constitute one of the most important components of regional financial management, as they reflect the wealth owned by the government to support public activities. Fixed assets cover various types of goods with long-term utility that are used in government operations. In the context of south minahasa regency, the regional finance and assets agency

According to Government Regulation Number 28 of 2020, which amends Government Regulation Number 27 of 2014 concerning the Management of Regional Property, the management of regional property consists of eleven procedures: needs planning, procurement, utilization, safeguarding and maintenance, appraisal, transfer, destruction, write-off, administration, supervision, and control. Meanwhile, asset utilization is divided into five forms: leasing, lending-for-use, cooperation in utilization, build-operate-transfer/build-transfer-operate schemes, and infrastructure cooperation. The management of fixed assets/regional property at the Regional Financial and Asset Agency of South Minahasa Regency is carried out in accordance with these procedures. However, their implementation has not yet been performed in a fully orderly manner. In practice, the utilization of fixed assets is limited to two forms, namely leasing and lending-for-use. This constitutes the core issue of this study, considering the importance of managing and utilizing regional fixed assets for local revenue. Therefore, this study focuses on the procedures of fixed asset utilization management by the Regional Financial and Asset Agency (BKAD) of South Minahasa Regency as a regional working unit responsible for regional financial management, in which fixed assets are managed and reported based on inputs from all regional government units.

2. LITERATURE REVIEWS

2.1. Accounting

According to Kieso, Weygandt, and Warfield (2019), accounting is an economic event that provides information to interested parties after carrying out three basic activities, namely identifying, recording, and communicating. Meanwhile, bahri (2020) defines accounting as the identification, recording, classification, summarization, and reporting of transactions in such a systematic manner that stakeholders can understand the financial position of an entity and the results of its operations at any given time, which can then be used for decision making and the selection of various alternative actions in the economic field. Furthermore, according to Wilestari et al. (2023), accounting is an information system that measures business activities, processes data into reports, and communicates the results to decision makers, who will make decisions that may influence business activities

2.2. Public Sector Accounting

According to Indrayani (2022), public sector accounting is a process of collecting, recording, classifying, analyzing, summarizing, and preparing financial transaction reports for public organizations. The public sector refers to all organizations that are not privately managed but are established, funded, and operated by the government on behalf of the public. According to Nasution et al. (2019), public sector accounting is an accounting system used by public institutions as a means of accountability to the public.

2.3 Fixed Assets

According to Government Accounting Standards Statement (PSAP) No. 07, Fixed assets are tangible assets that have useful life of more than 12 months, intended to be used in government activities or utilized by the general public. In PSAP No. 07, it is explained that in order to be recognized as fixed assets, the following criteria must be met:

1. Tangible
2. Have a useful life of more that 12 months

3. The acquisition cost can be measured reliably
4. Not intended for sale in the normal operations of the entity
5. Constructed or acquired with the intention of being used

2.3.1 Classification of Regional Fixed Assets

In PSAP No. 07, fixed assets are classified into six accounts as detailed below:

1. Land
Land classified as fixed assets refers to land acquired for use in government operational activities and in a condition ready for use
2. Buildings and Structures
Buildings and structures include all buildings and facilities acquired for use in government operations and in a condition ready for use
3. Equipment and Machinery
Equipment and machinery include machines, motor vehicles, electronic devices, office inventories, and other significant equipment with a useful life of more than twelve (12) months and in a condition ready for use.
4. Roads, Irrigation, and Networks
Roads, irrigation, and networks comprise infrastructure constructed and owned and or controlled by the government, provided they are in a condition ready for use.
5. Other Fixed Assets
Other fixed assets cover assets that cannot be classified into the categories above, acquired and utilized for government operational activities and in a condition ready for use.
6. Construction in Progress
Construction in progress includes fixed assets that are still under development and not yet completed as of the financial reporting date.

2.4 Management of Fixed Assets/Regional Property

According to Government Regulation No. 28 of 2020 concerning the amendment to Government Regulation No. 27 of 2014 on the management of state/regional property, regional property refers to all goods purchased or acquired through the regional revenue and expenditure budget or obtained from other legitimate sources. Furthermore, the regulation states that property manager is an official authorized and responsible for establishing policies and guidelines as well as managing regional property. The proxy of the property user is the head of a work unit or an official appointed by the property user to utilize the property under their control in an optimal manner. This is intended to ensure that the use of property complies with the prevailing regulations.

In Government Regulation No.28 of 2020, the management of regional property includes:

1. Needs Planning and Budgeting
2. Procurement
3. Usage
4. Utilization
5. Security and Maintenance
6. Valuation
7. Transfer of Ownership
8. Disposal
9. Write-off
10. Administration

2.4.1 Utilization of Regional Fixed Assets

Government Regulation No. 28 of 2020 states that utilization refers to the use of regional property that is not employed for the implementation of the duties and functions of regional work units (SKPD), or the optimization of regional property include:

1. Lease

The utilization of regional property by another party for a specified period in return for monetary compensation.

2. Borrow to use

The transfer of use of property between the central government and regional governments, or among regional governments, for a specified period without monetary compensation, after which the property is returned to the property manager or user.

3. Cooperation in Utilization

The utilization of regional property by another party for a specified period in order to increase non tax state revenue, regional revenue, or other financing sources.

4. Build Operate Transfer or Build Transfer Operate

The utilization of regional property in the form of land by another party through the construction of buildings and/or facilities, which, upon completion, are handed over for use by the other party for a mutually agreed period.

5. Infrastructure Provision Cooperation

A partnership between the government and a business entity for the provision of infrastructure in accordance with prevailing laws and regulation.

3. RESEARCH METHODOLOGY

3.1. Type of Research

The type of research used is descriptive qualitative with a case study approach (case study). A descriptive qualitative study is conducted to obtain an overview of the research problem that guides the study in comprehensively examining the social situation related to the management and utilization of regional fixed assets at BKAD of South Minahasa

3.2 Place and Time of Research

The research was conducted at the Regional Financial and Asset Agency (BKAD) of South Minahasa Regency. The study was carried out from december 2024 to Januari 2025

3.3 Type, Sources fo Data, and Data Collection Methods

3.3.1 Type of Data

The type of data used this research is qualitative data, which is collected in the form of words or images rather than numbers. The qualitative data in this study include general descriptions, vision and mission statements, organizational structure and documents related to the management and utilization of fixed assets at the Regional Financial and Aset Agency (BKAD) of South Minahasa Regency.

3.3.2 Sources of Data

The sources of data ini this study consist of two types, namely primary data and secondary data. Primary data refers to data collected directly by the researcher from the original source or informants who are the focus of the study. Primary data are obtained from research subjects through activities such as interviews, observations, and documentation. Secondary data, on the other hand, are data obtained indirectly by the researcher through intermediaries, such as records prepared by other perties.

3.3.3 Data Collection Methods

The data collection methods in this research are divided into three, namely observation, shich involves direct observation of the research object, interviews, conducted through direct question and answer sessions with informants to obtain information related to the reseach problems, and documentation, which includes information in the form of written records, documents and images.

3.4 Method of Analysis Data and Processes

The data analysis method used in this study is descriptive qualitative, which is a method of discussing issues by outlining, describing, and explaining data related to the object under

study. This method is carried out by collecting and comparing the obtained data in order to provide accurate statements regarding the utilization of regional fixed assets at the Regional Financial and Asset Agency (BKAD) of South Minahasa Regency, based on government regulation No. 28 of 2020. The data analysis process in this study employed several components, namely:

1. Initial observation of the research object and submission of a formal request to conduct the study at the Regional Financial and Asset Agency (BKAD) of South Minahasa Regency.
2. Preparation of interview question for BKAD informants regarding the management and utilization of regional fixed assets.
3. Data collection through interviews and obtaining documents on regional fixed assets for 2022 and 2023.
4. Data processing and presentation in descriptive form with analysis and discussion.
5. Conclusion drawing based on the data and information presented

4. RESULTS AND DISCUSSIONS

4.1 Results

4.1.1 General Overview of the Research Object

South Minahasa Regency was established to strengthen the implementation of governmental duties and authorities, improve public services, as well as promote equitable development and law enforcement. The formation of South Minahasa Regency aims to optimize regional structuring, enhance welfare and the quality of human resources, and realize a democratic and just society. In addition, this regional expansion was also intended to explore local potential, preserve cultural and customary diversity, and fulfill community needs in order to improve social welfare.

The inception of the Regional Financial and Asset Agency (BKAD) originated from the administrative and financial division of the regional secretariat of South Minahasa Regency, which was part of the regional work unit. Along with regulatory changes introduced by the central government and subsequently stipulated in the regional regulations of South Minahasa Regency, the financial management agency was established to carry out the mandate of these regulations. Later, in 2008, through the streamlining process of SKPD, the financial management agency was merged with the regional revenue office and simultaneously renamed as the regional financial, revenue, and asset management office of South Minahasa Regency.

Subsequently, in 2016, it was restructured based on Regulation of the Regent of South Minahasa No. 54 of 2016 concerning the position, organizational structure, authority, responsibilities, and work processes of the Regional Financial and Asset Management Agency (BPKAD) of South Minahasa Regency. Later, in reference to Regulation of the Regent of South Minahasa No. 5 of 2022 regarding the position, organizational structure, authority, responsibilities, and work processes of regional apparatus, it was renamed as the Regional Financial and Asset Agency (Badan Keuangan dan Aset Daerah).

4.1.2 Management of Government Fixed Assets

Base on the findings of study, the management of fixed assets in Minahasa Regency, carried out by the Regional Financial and Asset Agency (BKAD), has been implemented in accordance with the applicable regulation, namely Government Regulation No. 18 of 2020 and minister of home affairs regulation No. 47 of 2021. The stages of asset management include needs planning, procurement, utilization, maintenance, and disposal. In addition, BKAD has adopted the SIMDA-BMD system in assets management. The implementation of this system reflects efforts to modernize fixed asset governance, thereby supporting the effectiveness of the recording process as well as strengthening monitoring functions.

Interviews with administrator and staf of the BKAD aset division confirmed that fixed asset management is carried out systematically in accordance with the cycle of Regional

Property management. The process begins with identifying the needs of each Regional Apparatus Work Unit, followed by the preparation of an asset requirement plan. Subsequently, procurement is carried out, digital administration is conducted through the SIMDA-BMD application, and an inventory process is complete with an official handover report as legal documentation. Each acquired asset is then utilized in accordance with the duties and functions of the respective Regional Apparatus Organization. Thus, the management of fixed assets in Minahasa Regency can be categorized as structured, transparent, and aligned with the prevailing legal and regulatory framework.

4.1.3 Utilization of Government Fixed Assets

The utilization of fixed assets carried out by the Regional Financial and Asset Agency (BKAD) of South Minahasa Regency is limited to leasing and borrow to use arrangements, while other forms such as utilization cooperation, build operate transfer, and infrastructure provision have not yet been implemented, as they required more complex assessment and the involvement of private sector partners.

Leas of Fixed Assets

The leasing process carried out by BKAD of South Minahasa Regency involves several stages:

1. The prospective lessee, must submit a formal request to regent for approval to use regional assets, either land or buildings, accompanied by supporting documents such as an official application letter, intended use, and lease duration.
2. The local government conducts an assessment of the submitted documents to evaluate the feasibility of the lease, with involvement from relevant agencies such as the legal division.
3. If deemed feasible, a lease agreement is drafted, specifying the lease period, fees and the rights and obligation of both parties.
4. The agreement is formally signed by both the local government and the lessee.
5. A handover report is signed, officially transferring the asset for use by the lessee in accordance with the agreed terms.

The lease period implemented by the Regional Financial and Asset Management Agency of South Minahasa Regency is maximum of five years from the date the cooperation agreement and the handover minutes are signed by both parties. The lease may be extended however, such extension is not granted automatically but must follow the established procedures. If the lessee intends to request an extension, a formal application must be submitted to the asset manager prior to the expiration of the lease period.

Loan for Use of Fixed Assets

The procedures to be carried out in the process of loan for use of regional fixed assets are as follow.

1. The prospective borrower who intends to utilize the asset under a loan for use arrangement must submit a formal application to the regional head, in this case the regent of South Minahasa.
2. Once the prospective borrower obtains approval from the regent, a loan for use agreement for the asset concerned is prepared.
3. After the loan for use agreement has been approved, minutes of handover are drawn up and the regional asset is officially transferred for loan for use purpose.

The loan for use arrangement is subject to a specific time limit. In general, the utilization of assets under a loan for use scheme is granted for a maximum period of five years from the date the agreement is signed and may be extended. The Regional Financial and Asset Management Agency stipulates that the loan for use period shall not exceed five years and may only be extended once.

4.2. Discussions

4.2.1 Management of Government Fixed Assets at the Regional Financial and Asset Agency (BKAD) of South Minahasa Regency

Regional Financial and Aset Management Agency (BKAD) of South Minahasa Regency show that the management of local government fixed assets has been carried out in accordance with Government Regulation No. 28 of 2020 concerning the amendment to Government Regulation No. 27 of 2014 on the management of regional property. The asset management cycle implemented by BKAD includes planning and budgeting, procurement, utilization, administration, safeguarding, valuation, transfer, disposal, and supervision. Each stage is conducted systematically to ensure accountability, efficiency, and transparency in asset management. Asset utilization is carried out in the form of lease and loan for use arrangements without altering ownership status, and must obtain approval from the regional head.

Furthermore, asset administration is carried out through recording, inventory, and reporting to ensure data accuracy. Safeguarding measures include both administrative and physical protection to prevent misuse, while maintenance ensures the sustainability of asset functions. Asset valuation is used in the preparation of the local government balance sheet, while transfers and disposals are conducted when assets are no longer needed or feasible for use, with approval from the regional head. Supervision and control are strengthened through training, socialization, and regular inspections within the system to ensure that asset management is effectively and sustainably implemented.

4.2.2 Utilization of Government Fixed Assets at the Regional Financial and Asset Agency (BKAD) of South Minahasa Regency

The utilization of fixed assets at the Regional Financial and Asset Agency of South Minahasa Regency has not been fully aligned with Government Regulation No. 28 of 2020. Of the five forms of asset utilization stipulated in the regulation, BKAD has only implemented two, namely leasing and borrowing for use. This suggests that asset utilization practices at BKAD remain limited to relatively simple forms that do not require extensive technical studies or significant involvement of private sector partners.

Three other forms of utilization cooperation in asset utilization, build operate transfer or build transfer operate schemes, and infrastructure provision partnership have not yet been applied. Several factors may account for this condition, including institutional capacity limitations, the need for more comprehensive feasibility studies, and the lack of collaboration with external stakeholders. In fact, these forms of utilization hold strategic potential to enhance the value of regional assets, foster private sector participation, and strengthen local revenue sources, enhance human resource capacity, and establish more operational derivative regulations to ensure that fixed asset utilization at BKAD fully complies with the mandate of Government Regulation No. 28 of 2020

Leas of Fixed Assets

Based on Government Regulation No. 28 of 2020, leasing is defined as the utilization of regional assets by external parties within a specified period of time in exchange for monetary compensation. The study findings indicate that the Regional Financial and Asset Agency (BKAD) of South Minahasa Regency has implemented leasing practices, particularly land and buildings rented to Bank SulutGo for the placement of an ATM with an are of 4 m². Nevertheless, this asset has not yet been classified as an investment property because such recognition has not been stipulated in the current accounting policies.

The leasing mechanism applied by BKAD is in accordance with the procedures set out in the regulation. The process begins with a formal application submitted by the prospective lessee to the regent, followed by a review of the submitted documents to assess the feasibility of the lease. Once declared feasible, a cooperation agreement is prepared, detailing the lease amount, lease period, maintenance responsibilities, and the rights and obligations of both

parties. The final stage involves the signing of a handover document along with full payment of the lease. In addition, BKAD coordinates with the State Aset and Auction Services Office (KPKNL) to conduct aset valuation, thereby ensuring that the leasing process remains transparent, accountable, and compliant with regulatory

Loan for Use of Fixed Assets

According to Government Regulation No. 28 of 2020, borrowing and use is defined as the temporary transfer of the use of goods between the central government and local governments, or between local governments, without compensation. At the end of the specified period, the goods must be returned to the authorized asset manager. The findings indicate that the implementation of asset borrowing and use at the Regional Financial and Asset Agency (BKAD) of South Minahasa Regency has been carried out in accordance with the regulation. The practice involves inter governmental asset utilization, particularly in the form of equipment and machinery such as official vehicles. The process begins with a formal request submitted to the regent, followed by the preparation of an agreement that outlines the rights, obligations, and responsibilities of each party, and is finalized through the issuance of a handover report as official documentation.

Although this form of utilization does not generate direct financial benefits for the region, since no payment or compensation is required from the borrower, it still provides significant advantages. Borrowing and use supports the optimization of governmental functions and contributes to cost efficiency, particularly in terms of asset maintenance. Therefore, the borrowing and use mechanism implemented by BKAD South Minahasa can be considered both compliant with prevailing regulations and beneficial to the effectiveness of local governance

5. CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

Based on the results of the research and discussion at the Regional Financial and Aset Agency (BKAD) of South Minahasa Regency, the following conclusions can be drawn:

1. The management and utilization of fixed assets at the Regional Financial and Aset Agency (BKAD) of South Minahasa Regency have been implemented in accordance with Government Regulation No. 28 of 2020, supported by a digital administrative system through the SIMDA BMD application.
2. Aset utilization is limited to two forms, namely leasing and borrowing use. Leasing is carried out through formal procedures with a maximum period of five years and subject to renewal, while borrowing use is conducted between government institutions without financial compensation but still provides functional benefits for governance.

5.2 Recommendations

1. Improving human resource capacity and aset information systems, BKAD needs to enhance the capacity of its human resources, particularly in aset recording, administrative management, and the use of the SIMDA BMD application, to ensure more accurate and efficient fixed aset management. Furthermore, periodic updates and maintenance of the aset information system are crucial to provide reliable and up to date aset.
2. The optimization of fixed assets that are not directly used by regional work units should be comprehensively inventoried and subsequently analyzed for their potential utilization, whether through lease or borrowing schemes. This approach aims to prevent assets from becoming a maintenance burden and instead generate benefits or revenues for the region.

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