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Regional Property Management (BMD) in Kediri Regency: Optimization and Obstacles

Elok Sanjaya, Dr. Ir. H Abu Talkah, MM, Dr. Arisyahidin, SE

Postgraduate Program, Universitas Islam Kediri, Kediri, Indonesia

*correspondence: yu2nrafarafi@gmail.com

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Abstract

Regional Property Management (BMD) in Kediri Regency is an important element in supporting public services and increasing Regional Original Revenue (PAD). Regional assets, both movable and immovable, play a significant role in the regional economy. This study aims to analyze the management of BMD, especially in terms of renting and borrowing assets. This study uses a qualitative approach with interview, observation, and documentation methods as a form of data collection. The results of the study show that although the management of BMD in Kediri Regency has followed existing regulations, there are several significant obstacles such as lack of transparency in the publication of assets that can be leased, limited information about the location of idle assets, higher appraisal prices than levy rates, and disorderly asset administration. This research recommends the development of a more transparent information system that can be accessed directly by the general public to find out which assets are available for rent or borrowing.

Introduction

Regional Property (BMD) is an important element in the implementation of government, especially in supporting public services. Regional asset management through effective and efficient BMD management is very important for development financing and the regional economy. Good management can be reflected in Regional Original Revenue (PAD), which shows the ability of local governments to manage their assets well. Regional assets themselves can be in the form of movable or immovable goods, tangible (tangible) and intangible (intangible), which have economic and commercial value (Nurina, 2014).

Fixed assets are an important part of the region's financial balance, along with current assets, long-term investments, and reserve funds. Fixed assets play an important role in providing significant value to local governments. Local governments have a responsibility to optimize the use of their assets in order to increase PAD. However, the operational and maintenance costs of assets are

often a challenge in their management. Suboptimal asset management can cause additional burdens on the government budget (Zaini, 2021).

Good governance in BMD management requires transparency and accountability. Without these two elements, the quality of services to the community will be disrupted, and the local government's financial reports will not be presented properly (Abdoellah and Rusfiana, 2016). Efforts to improve BMD management are not only related to the efficiency of public services but also add economic value. This addition of value can increase the capacity of local governments in terms of development financing and public services (Pangkey and Pinatik, 2015).

Local governments are also required to comply with existing regulations in managing BMD. Based on Government Regulation Number 27 of 2014 and Permendagri Number 19 of 2016 concerning Regional Property Management, BMD is one of the important factors in the implementation of government, especially related to PAD (Sutojo, 2020). Good BMD management is one of the measures of the success of local governments in managing the regional economy. Public demands for transparency in asset management encourage local governments to carry out better management (Antari and Sedana, 2018).

BMD governance is also a reflection of the level of independence of local governments. Through regional autonomy, as stipulated in Law Number 23 of 2014, local governments are responsible for managing and resolving government affairs including BMD management. Optimal utilization of BMD makes an important contribution to regional development (Runiawati, 2017).

Table 1. Realization of PAD Kediri Regency Government

Year	Target	Realization	Ket
2017	Rp. 158.281.000.000	Rp. 206.034.579.491	130,70%
2018	Rp. 170.654.580.000	Rp. 265.267.313.670	155,44%
2019	Rp. 182.312.000.000	Rp. 195.371.502.489	107,16%
2020	Rp. 161.340.466.680	Rp. 243.452.335.220	125,63%
2021	Rp. 456.360.001.365	Rp. 513.773.026.141	112,58%
2022	Rp. 516.304.197.074	Rp. 649.630.917.159	125,82%

Source : PAD Target and Realization Report

BMD management involves several stages, ranging from planning, procurement, use, utilization, to asset destruction. One of the important phases in asset management is utilization, which aims to empower assets that are not used for local government tasks. The utilization of these assets is expected to make a positive contribution to regional finance and support PAD (Devita, Delis, and Junaidi, 2014).

The category of fixed assets according to the Government Accounting Standards Statement (PSAP) Number 7 includes land, equipment, buildings, roads, irrigation, and other assets. The utilization of regional assets can be carried out in the form of leases, loans, utilization cooperation, and other forms in accordance with regulations (Hamel and Prahalad, 2015).

Kediri Regency as part of the Government of Indonesia also has the right and obligation to manage regional assets for the benefit of the community. One of the main sources of revenue for local governments is PAD. The realization of PAD in Kediri Regency from 2017 to 2022 shows fluctuations, with an insignificant increase in several years. Although there has been an increase in recent years, this is not enough to support regional economic growth to the maximum.

The use of BMD in Kediri Regency is carried out mainly in the form of renting and borrowing regional assets. This aims to optimize assets that are not directly used for government tasks. BMD rental is one way to reduce asset maintenance costs that burden the APBD and at the same time increase PAD. However, the implementation of asset management in Kediri Regency has not been optimal, many assets are not used properly and are even abandoned. The management of regional assets that is not professional and the lack of public knowledge about assets that can be used are the main obstacles (Jusmin, 2013).

Idle assets, such as land and buildings, are not utilized optimally and instead become a burden for local governments in terms of maintenance. These idle assets should be optimized to make a significant contribution to PAD. One of the factors that causes idle assets is irregularity in asset data management, which makes it difficult for local governments to know exactly what assets they own (Jusmin, 2013).

To overcome this obstacle, local governments must take steps to optimize the use of BMD. This optimization involves empowering idle assets and implementing information systems that make it easier for the public to access information related to assets that can be rented or borrowed. The government also needs to improve the asset data management system to be more orderly and accurate, so as to minimize the occurrence of idle assets that are not properly managed.

Based on the research conducted, BMD management in Kediri Regency still needs to be improved, especially in terms of transparency, management professionalism, and asset utilization. By optimizing the utilization of unused assets, local governments can increase PAD and maximize asset contributions to the regional economy.

The management of Regional Property (BMD) in Kediri Regency still faces obstacles in terms of transparency, publication, and asset data management. Many regional assets are not used optimally and instead become a burden for local governments. To overcome these obstacles, optimization

efforts are needed in the form of better information systems and more orderly asset management. This effort is expected to increase Regional Original Revenue (PAD) and support regional development in a sustainable manner.

Literature Review

1. Management

Management is defined as a series of activities that include planning, organizing, mobilizing, and supervising in order to achieve organizational goals effectively and efficiently. According to various expert opinions, management involves the coordination of human resources and others in achieving the goals that have been set. Hasibuan (2017) explained that the main function of management consists of four aspects, namely planning, organizing, actuating, and controlling.

a) **Planning** includes the stages of setting goals and actions to be taken to achieve them. This includes future analysis, decision-making, and selection of the best alternative course of action.

b) **Organizing** is the grouping of activities and the assignment of responsibilities to individuals or teams to achieve organizational goals. The organizational structure is the result of this organizing process.

c) **Actuating** refers to efforts to move organizational members to work optimally in achieving company goals.

d) **Supervision (Controlling)** is a step to check whether the implementation of activities is in accordance with the plan that has been set. Supervision can be carried out preventively or reactively, depending on the stage of the activity.

2. Definition of Regional Property (BMD)

Regional property is regulated in the Regulation of the Minister of Home Affairs Number 19 of 2016. BMD is all goods purchased or obtained at the expense of the Regional Revenue and Expenditure Budget (APBD) or derived from other legal acquisitions. BMD is very important in supporting the administration of government and contributing revenue to local governments.

BMD management includes all activities related to planning, procurement, utilization, security, maintenance, and supervision. This aims to ensure that BMD can be used optimally and contribute to the implementation of local government duties and functions.

3. Regional Assets

According to the Regulation of the Minister of Home Affairs Number 19 of 2016, regional assets include all assets owned by local governments, both movable and immovable. Regional asset management aims to utilize these assets optimally without changing the ownership status.

The utilization of regional property is one of the phases in BMD management which aims to utilize goods that are not used for the implementation of the tasks and functions of the Regional Apparatus Work Unit (SKPD). This utilization does not change the ownership status of BMD. The governor,

regent, or mayor has the authority to approve the use of these goods, either in the form of rent, cooperation, or other uses.

The general principle of the use of regional property includes technical considerations by taking into account regional and general interests, without requiring the approval of the Regional People's Representative Council (DPRD). The income obtained from the utilization must be deposited entirely into the Regional General Cash account or the Regional Public Service Agency. The use of BMD can be done in several forms, including:

- 1) **Rent:** The use of regional property by other parties in exchange for cash. Lease is carried out to optimize the utilization of goods that are not used in the implementation of government duties.
- 2) **Borrowing:** The handover of the use of goods between the central and regional governments or between local governments for a certain period of time without receiving anything in return.
- 3) **Utilization Cooperation (KSP):** Utilization of BMD by other parties in order to increase non-tax state revenue.
- 4) **Bangun Guna Serah (BGS) or Bangun Guna Serah (BSG):** A form of cooperation between land rights holders and investors for development during the agreement period.
- 5) **Infrastructure Provision Cooperation (KSPI):** Cooperation between the government and business entities in the provision of infrastructure for the public interest.

Meanwhile, related to the BMD management cycle, it includes several stages, including:

- 1) **Needs planning and budgeting:** Arrange the details of BMD needs based on the current situation.
- 2) **Procurement:** The implementation of procurement of goods and services in accordance with regulations.
- 3) **Receiving, storing, and distributing:** Managing the assets received and recording them in inventory.
- 4) **Maintenance:** An action taken to keep an asset in good condition.
- 5) **Usage:** Using goods according to the duties and functions of SKPD.
- 6) **Security:** An effort to protect assets from damage or loss.
- 7) **Valuation:** Conducting an assessment of the value of the assets owned.
- 8) **Removal:** Removes an asset from the inventory list after approval.
- 9) **Transfer:** Transfer of ownership of an asset that has been removed through a sale, barter, or grant.

Overall, the management of regional property requires careful planning and control to achieve the goals of the local government and make an optimal contribution to the community

There are several previous studies that have topics and methods similar to this study. The following is a table that summarizes previous research:

It	Researchers	Heading	Research Methods	Research Results
1	Nurani Yuni Purwanti, Anna Fariyanti, Nirwan Ristiyanto (2018)	Fixed Asset Management Strategy in Cirebon City Prosecutor's District	Qualitative, using interviews, questionnaires, descriptive analysis, Likert scale, and AHP	The suggested strategies include technical guidance on asset management, the implementation of rewards and punishments, improvement of facilities, and updates to fixed asset management policies.
2	Eko Budi Hariyanto, I Made Narsa (2018)	Strategic Assets Management: Focus on Utilizing State Assets with a Resource Based View (RBV) Approach	Qualitative, observational, in-depth interviews	Asset management by DJKN must be optimized to increase PNBP. Major issues include idle, underused, and underutilized assets. The RBV approach is expected to maximize the utilization of state assets.
3	Jhondy Ropo Sembiring (2022)	Management of Regional Property Management in the Implementation of Inventory at the Regional Secretariat Office of Roka Hilir Regency	Qualitative, observation, interview, documentation	Problems such as damaged goods, unrecorded assets, poor administration, lack of coordination between the head and staff, and lack of human resources were found.
4	Sholly Salam Sitompul, Sadu Wasistiono, Fernandes Simangunsong (2021)	Strategic Management of Local Governments in the Management of Land and Building Assets in East Kotawaringin Regency, Central Kalimantan Province	Qualitative, interview, documentation, observation, FGD	Asset inventory is not good, legal audit is quite good, asset optimization is not optimal. There is the development of a web-based information system (Simbada) and the existence of supporting and inhibiting factors in asset management.

5	Sasriawan (2021)	Regional Property Management Strategy in the Government of Mamuju Regency, West Sulawesi Province	Mixed-method, using IFE, EFE, IE, SWOT, and AHP analyses	Weaknesses in planning the needs and maintenance of goods. It needs more intensive supervision, as well as weak human resource competence due to lack of training and socialization.
6	Muhammad Okto Adhitam, Diana (2019)	Regional Property Asset Management Strategy in Improving Public Services	Qualitative, interview, observation, documentation	Asset management strategies to improve public services are carried out with long-term planning. The main obstacle is the lack of facilities, infrastructure, understanding of the apparatus, and maintenance funds.

The difference between previous research and the results of the research and discussion in the previous section can be seen from several important aspects. First, in terms of research focus, previous research has highlighted various topics related to asset management, such as fixed asset management strategies, state asset management, and regional property management in various regions. For example, Nurani Yuni Purwanti's (2018) research discusses fixed asset management strategies in Cirebon City Prosecutor's District, while Eko Budi Hariyanto and I Made Narsa (2018) focus on the utilization of state assets with a Resource-Based View (RBV) approach. On the other hand, this study is more specific in examining the implementation of Regional Property (BMD) management in Kediri Regency, especially related to the utilization of assets through the rental and borrowing mechanism, by referring to the Regulation of the Minister of Home Affairs Number 19 of 2016 and the Regent Regulation of 2022.

From methodologies and approaches, previous research has used a qualitative approach with methods such as interviews, observations, focus group discussions (FGD), as well as descriptive and SWOT analysis. Some studies even apply mixed-method methods, such as the Sasriawan (2021) study which uses IFE, EFE, IE, SWOT, and AHP analysis. Instead, this study uses a qualitative approach to examine the implementation of BMD management, focusing on the obstacles faced in the implementation of lease and borrowing of regional assets.

Problem Formulation

Based on the research background, this study focuses on the following three questions:

1. How is the management of Regional Property (BMD) in the Kediri Regency Government in the use of regional assets in the form of leases and loans based on the Regulation of the Minister of Home Affairs Number 19 of 2016?
2. What are the obstacles faced by the Kediri Regency Government in the management of Regional Property (BMD) related to rent and borrow?
3. How can optimization be done in the management of Regional Property (BMD) in Kediri Regency to increase Regional Original Revenue (PAD)?

Research Methods

This study uses a case study method to explore and analyze the management of Regional Property (BMD) in Kediri Regency, especially related to the utilization of regional assets in the form of rental and borrowing. The case study approach was chosen because this study aims to understand the phenomenon of regional asset management in depth by examining the implementation of management and the obstacles faced in the real environment.

Data collection was carried out using several techniques including in-depth interviews, observations, and documentation studies. The interview was carried out with the main informants, namely the Head of the Regional Asset Financial Management Agency (BPKAD), the Head of the Regional Property Management Division (BMD), and related employees

Research Results

This study found that BMD management in Kediri Regency, especially in the form of rent and loan, is not optimal. The discussion of the research results will be divided into five parts as follows:

1. Implementation of Asset Management

Based on interviews conducted with participants, information was obtained about the BMD management process, especially assets in the form of leases and loans, referring to the Regulation of the Minister of Home Affairs Number 19 of 2016 concerning Guidelines for the Management of Regional Property. However, implementation in the field shows that there are still limitations in terms of data and human resource management. Quoted from an interview with the Head of the Sub-Division of Planning, Use, and Utilization of Regional Property on Thursday, September 21, 2023 as follows:

"... If there are actually many obstacles, it's just that the most hindering thing is about the publication. Because only a few employees know which assets can be rented. This usually makes it confusing if, for example, the employee on duty has permission or is in the outside service. Because they are the only ones who know. So, yes, it is less transparent if it is related to this. Until now, obstacles related to appraisal prices have also been raised. So this appraisal price tends to be higher than the levy system. So it doesn't match the price outside sometimes. Moreover, the levy price must be lower than the appraisal price, so it makes tenants think again."

2. Asset Inventory

Asset inventory is still the main obstacle in BMD management. Asset data is often not updated, resulting in information inconsistencies between existing asset data and actual conditions in the

field. As a result, it is often found that assets are double recorded or not recorded at all as conveyed by one of the speakers who is the Head of BMD Division:

"... The most common obstacle we encounter is your publication, so the only ones who know about rents are employees who handle the problem of renting assets. Continue to be most related to location. So sometimes the location is idle, but if there is no publication, this prospective tenant does not know about the land that can be rented. There is also still a lot of data that has not been properly organized. So the accountability is not clear. The problem of rental and borrowed assets really requires proper administration and management. So when regional assets are leased and returned, they are still in good condition and on time. If there is a desire to extend the lease period, it is also done according to the applicable procedures and rules."

3. Legality and Asset Utilization

Although there are efforts to improve the legality of assets through cooperation with related institutions such as the National Defense Agency (BPN), there are still many assets whose legal status is unclear. There are idle assets (unused assets) which are also a serious problem, these idle assets do not contribute to Regional Original Revenue (PAD).

4. Obstacles in Asset Management

One of the main obstacles found is the lack of use of information technology to manage assets. The information systems used are still limited, and not all employees have enough access and understanding to use the system effectively. In addition, there are obstacles in the supervision and maintenance of assets, which leads to lost or damaged assets.

Table 2. Obstacles to the Management of Regional Property

Items	Constraints
Publication & Transparency	Only certain employees know which assets can be leased. In addition, there are still many people who do not know about renting and borrowing regional property, so there needs to be publication or transparency from the Kediri Regency BPKAD. This also has an impact on the lack of understanding from the general public related to renting and borrowing regional property
Appraisal Price	The appraisal price tends to be higher compared to the levy system. The rental price from the appraisal team (KJPP) is often higher than the general rental price (market price)
Idle location	The location of the land is sometimes idle, but the absence of clear publication makes prospective tenants unaware if there is land that is idle and can be rented
Unorganized data	Data that is not updated and published, so the information provided is not accurate. There is no orderly data collection or administration related to leased assets or assets that have expired, causing data confusion.

Source : Interview Results (2023)

5. Potential Asset Optimization

Based on data collection, this study shows that the utilization of assets in the form of leases and loans has great potential to increase PAD. However, this asset optimization is still hampered by

various factors, including limited human resources, lack of asset maintenance, and the lack of integration of asset management information systems.

Conclusion

Based on the results of the research and discussion, it can be concluded as follows:

1. The management of Regional Property in the utilization of regional assets has been carried out in accordance with the Regulation of the Minister of Home Affairs Number 19 of 2016 concerning Guidelines for the Management of Regional Property. In addition, a 2022 Regent Regulation was issued concerning the Utilization of Regional Property to facilitate the implementation of regional asset management in stages.
2. Some of the obstacles faced in the implementation of Regional Property management related to the use of assets in Kediri Regency include: a) Publication, where only a certain number of employees know the assets that can be leased; b) Location, often the land assets are in idle condition but the lack of publication makes prospective tenants unaware of their whereabouts; c) The appraisal price tends to be higher than the levy rate; and d) Disorderly administration of assets, causing confusion regarding leased assets.
3. To optimize asset management, an information system is needed that can publish information related to the lease and borrowing of regional assets more openly to the public. This will make it easier for the public to know the assets that can be rented. In addition, there needs to be an estimate of rental prices based on the previous year's price or a reasonable market price, considering that these assets belong to the Kediri Regency Government.

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