

Policy Proposal For Removal Of Regional Property Based On Budget Costs And Realization At The Regional Inspectorate Of Tegal City

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Abstract

The Tegal City Regional Inspectorate is a government agency that has a mandate to supervise the performance of the Regional Government organization. One of them is in verifying Regional Property. Regional Property itself is an asset obtained from the APBD or other legal acquisitions, in the management of BMD there is a budgeting and deletion process. Each region has its own regional assets which are important resources for its government, as is the case with Tegal City. Therefore, it is very important for the government to manage every existing asset adequately. The Tegal City Regional Inspectorate has challenges in deleting Regional Property. The research method uses qualitative with data in the form of observations, interviews, and SKPD PPA Documents. The results of the study indicate that the Tegal City Regional Inspectorate needs to make policies regarding BMD management, especially in its deletion, utilize SIMDA-BMD in BMD data collection, and conduct evaluations and audits of the deletion process.

Keywords: Regional Property, budgeting, deletion, Tegal City Regional Inspectorate

INTRODUCTION

The Regional Inspectorate of Tegal City was established based on several legal foundations, including Tegal City Regulation Number 1 of 2022 and Mayor Regulation Number 44 of 2019, which define its structure, duties, and functions. As a supervisory body, it ensures the proper administration of local governance under the leadership of an



Inspector, who reports to the Mayor through the Regional Secretary (Wahyudin et al., 2019). Its vision is to create a clean, democratic, disciplined, and innovative government, with missions focused on governance transparency, social welfare, infrastructure development, and economic growth. As mandated by Government Regulation Number 41 of 2007, the Inspectorate oversees local government performance and assists the Mayor in internal supervision. Its responsibilities include policy formulation, financial and performance audits, monitoring, and reporting. Additionally, it supports specific supervisory tasks assigned by the Mayor. The Inspectorate is led by an Inspector, supported by a secretary and eight divisions handling various oversight and administrative functions.

Good governance is a fundamental principle that must be upheld throughout Indonesia. Changes in the governmental system from the Old Order to the Reform Era have shaped the current governance structure. Each period has left an impact, which is expected to contribute positively. However, establishing effective governance requires strengthening systems and institutions in accordance with applicable laws. The implementation of Regional Autonomy aims to promote comprehensive development, allowing each region to manage, develop, and build based on its needs and potential. According to Law Number 23 of 2014 on Regional Government, governance is based on three principles, one of which is decentralization. This principle transfers certain governmental responsibilities from the central to regional governments, impacting financial allocations between the two levels of administration.

The implementation of regional autonomy must be carried out professionally, requiring broad, tangible, and accountable authority. This necessitates innovations in asset management to enhance efficiency, effectiveness, and value, including the disposal of Regional Property (BMD). However, the disposal process is complex, requiring thorough work planning and effective collaboration between employees and superiors to meet stakeholder expectations. Proper work systems are essential to achieving targets, as lack of coordination can hinder success. Assets are typically removed due to severe damage or natural disasters. Each region, including Tegal City, has its own assets critical for governance, making effective management essential. However, in practice, many heavily damaged assets remain listed. The Regional Inspectorate of Tegal City owns office buildings, official vehicles, and office equipment, necessitating proper budgeting. According to Safitri et al. (2024), budgeting is part of the planning system, facilitating coordination and control of activities. In addition to budget planning, financial realization reports must be prepared monthly or annually to compare allocations with actual



spending, serving as a basis for future improvements. The Inspectorate's BMD budget is mainly allocated for office supplies, equipment maintenance, and vehicle-related expenses, averaging IDR 260,648,000 annually over the past five years.

LITERATURE REVIEW

Regional Property

Regional Property (Barang Milik Daerah) refers to assets acquired through purchases or financed by the Regional Revenue and Expenditure Budget (Anggaran Pendapatan dan Belanja Daerah) or obtained from other legitimate sources, as defined in Law Number 23 of 2014 concerning Regional Government, Article 1 Paragraph (39), and Government Regulation Number 27 of 2014 on the Management of State/Regional Property, Article 1 Paragraph (2). These assets encompass various forms, including raw materials, semi-finished goods, and finished goods/equipment specified by users of goods/services, as well as those obtained through grants, contract execution, legal provisions, or court decisions with permanent legal force. The regional government manages not only assets it directly owns but also those controlled for public service or operational functions. Effective and efficient management is crucial, as Regional Property serves as capital to strengthen regional financial capacity; however, poor management can turn assets into financial burdens due to maintenance costs and depreciation. Proper asset management ensures clear property status, a well-documented inventory of regional wealth, optimized utilization to boost local revenue (Pendapatan Asli Daerah - PAD), readiness for public service needs, asset security, and a reliable basis for regional financial reporting and balance sheet preparation.

Management of Regional Assets

Based on Minister of Home Affairs Regulation No. 19 of 2016 and Regional Regulation No. 7 of 2018, the management of Regional Property (Barang Milik Daerah – BMD) encompasses a series of activities related to regional assets. This process begins with needs planning, which involves formulating the required asset details to align with current conditions and serve as a foundation for future procurement. Procurement must be conducted based on the principles of efficiency, effectiveness, transparency, fair competition, equity, and accountability while adhering to applicable regulations. Once procured, assets are utilized by designated users according to their duties and functions within the Regional Work Units (Satuan Kerja Perangkat Daerah – SKPD). If assets are not directly needed for SKPD operations, they may be optimized for other uses without

36



altering ownership status. Additionally, asset security and maintenance play a crucial role, with managers and users responsible for ensuring protection through administrative, physical, and legal safeguards.

Furthermore, other aspects of BMD management include asset valuation by independent appraisers to determine asset value at a given time and the transfer of ownership through sales, exchanges, grants, or capital participation by the regional government. If an asset is no longer usable or functional, it must be disposed of or removed from the inventory list through an official decision. Asset administration is another critical component, covering bookkeeping, inventory management, and reporting in compliance with regulations. Additionally, monitoring and control are conducted by asset users through supervision and enforcement, while asset managers oversee observation and evaluation. Assets utilized by regional public service agencies remain part of regional wealth and are not separated for operational purposes. Moreover, regional assets also include government-owned housing designated for officials and civil servants as residential facilities to support their duties. In cases of financial losses due to negligence, misuse, or legal violations related to asset management, compensation claims must be settled, and appropriate sanctions may be imposed according to prevailing regulations.

Regional Assets Budgeting

According to Mardismo (2009) budget is a plan used for the future and includes management's expectations of revenue. In the context of a public sector organization budget, the budget can include several plans regarding how much money will be spent and how to obtain funds to fund the plan. Budgeting is very important, because if the budget that is made is not effective and target-oriented, it can thwart the program that has been prepared (Dedi & Kahar, 2019) Budgeting and planning of needs in Regional Property must come from legitimate acquisitions and in accordance with the provisions of existing laws and regulations.

Removal of Regional Budgeting

It is often found that Regional Property is in a state of severe damage, lost, double recorded, and obsolete. Therefore, to stabilize the balance sheet, a process of deleting Regional Property is needed, deletion according to Regional Regulation No. 7 of 2018 (Tegal & Tengah, 2018) is the act of deleting regional property from the list of goods by issuing a decision from an authorized official to release the Property Manager, Property

37



User and/or Property User Authorization from administrative and physical responsibility for goods under their control. In short, deletion is an act to remove or delete goods owned by the regional government from the inventory list, this deletion is carried out to ensure that BMD management is carried out efficiently and accountably in order to prevent misuse. Deletion is carried out when maintenance is no longer possible based on considerations of maintenance costs and benefits that are no longer appropriate.

Additionally, Russel and Taylor (2009) argue that operational management extends beyond manufacturing to service industries, where customer interactions are crucial. Effective integration of these processes enhances efficiency, fosters innovation, and improves market responsiveness. Quality plays a critical role in operational management, with Deming (1986) asserting that operational success depends not only on efficiency but also on the company's ability to deliver high-quality products and services. To maintain quality, techniques like Total Quality Management (TQM), Statistical Process Control (SPC), and Continuous Improvement are commonly applied. The incorporation of technology in operational management further enhances efficiency. Krajewski et al. (2019) state that automation, information system integration, and data-driven decision-making optimize production and real-time operational performance. Advanced technologies such as deep data analytics, the Internet of Things (IoT), and artificial intelligence (AI) enable firms to predict market demand and improve operational output. Moreover, Chase et al. (2016) emphasize that workforce management, training, and skill development are integral to effective operations since human resources play a vital role in maintaining quality, productivity, and innovation. Ultimately, operational management integrates all company resources to produce valuable outputs, whether finished goods, semi-finished products, or services, ensuring smooth business operations and sustainable competitive advantage.

Martina et al. (2018) conducted a study titled *"Implementation of the Disposal of Severely Damaged Regional Property in Mataram City Government,"* examining the challenges in removing regional assets due to incomplete documentation and unclear identification of physical items proposed for disposal. Using a qualitative case study approach based on Minister of Home Affairs Regulation No. 19 of 2016, data was collected through semi-structured interviews, participatory observation, and documentation. The updated regulation streamlined the bureaucratic process, making asset disposal the final step; however, past mismanagement resulted in documentation issues that hindered implementation. Similarly, Amri et al. (2022) analyzed the disposal process at the Financial and Regional Asset Management Agency (BPKAD) of Tulang



Bawang Regency, identifying persistent technical and administrative challenges. The study found inefficiencies due to incomplete documentation, a lack of skilled human resources, and administrative disruptions caused by leadership changes. Despite adherence to Ministerial Regulation No. 19 of 2016, poor coordination among stakeholders led to obsolete assets remaining in financial reports, hampering effective asset management. To enhance efficiency and transparency, the study recommends technical training for personnel, improved administrative integration, and better identification processes for unserviceable assets.

RESEARCH FRAMEWORK

The research activity was conducted at the Tegal City Regional Inspectorate, Secretariat section. This study aims to analyze the elimination of Regional Property based on the budget and realization at the Tegal City Regional Inspectorate. The research was conducted by conducting direct observation for 4 months during internship activities, analyzing supporting research data, and conducting interviews with several related stakeholders. The following is the framework for this study:

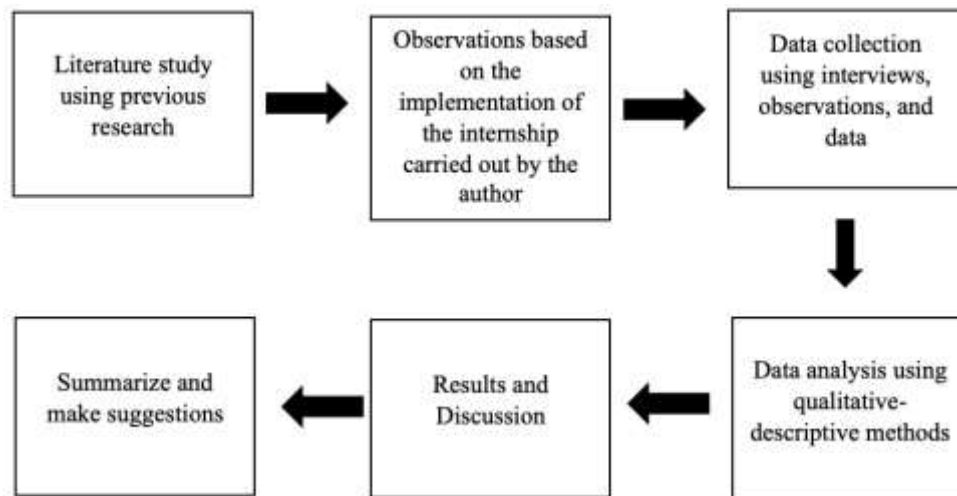


Figure 1. Research Framework

RESEARCH METHODS

The research employs a qualitative descriptive approach, which involves analyzing words, schemes, and images rather than numerical data. As Mukhtar (2013:10) states, qualitative descriptive research is used to derive knowledge or theories based on observed facts and phenomena within a specific period. Data collection was conducted

39

through observation, documentation, and interviews with relevant stakeholders, including officials from the Regional Inspectorate of Tegal City and the Asset Division of the Regional Financial and Asset Management Agency (Bakeuda). The study examines the comparison between budget allocation and realization of Regional Property (Barang Milik Daerah) and evaluates its effectiveness. Data sources include both primary data, obtained through interviews with key personnel, and secondary data, derived from government regulations, publications, and previous research. To ensure data validity, triangulation was applied using multiple sources, followed by member checking to verify accuracy. The research findings are analyzed using a descriptive qualitative approach to assess the asset disposal process and its alignment with regulatory frameworks.

RESULTS

This section presents the findings obtained from collected data, including supporting documents, field observations, and interviews with key informants. The results are analyzed using a qualitative approach with descriptive analysis techniques. The Budget Implementation Document for Regional Work Units (DPPA SKPD) from 2019 to 2023 serves as the foundation for budgeting, financial management, and expenditure supervision within each SKPD, aligning with the Regional Revenue and Expenditure Budget (APBD). The DPPA outlines activities such as budgeting, resource allocation, and implementation plans. Based on the 2019-2023 DPPA SKPD documents, the Regional Inspectorate of Tegal City allocated funds for asset procurement and maintenance, including office equipment, furniture, vehicle tax payments, and building maintenance. Over the past five years, the average annual budget for regional assets (BMD) in the Regional Inspectorate of Tegal City amounted to Rp. 260,648,000. Budget allocations varied each year, with seven activities in 2019, eight in 2020, five in 2021, six in 2022, and four in 2023. However, certain expenditures, such as equipment procurement, routine maintenance, and vehicle tax payments, remained consistent across all years.

Table 1. Regional Assets Budgeting

No	2019	2020	2021	2022	2023
1	Office Equipment Procurement Rp 6,590,000	Office Equipment Procurement Rp 34,325,000	-	-	-



2	Office Tools Procurement Rp 77,625,000	Office Tools Procurement Rp 94,660,000	Other Equipment & Machinery Procurement Rp 169,335,000	Other Equipment & Machinery Procurement Rp 8,687,000	Other Equipment & Machinery Procurement Rp 94,057,000
3	Furniture Procurement Rp 15,390,000	Furniture Procurement Rp 38,470,000	Furniture Procurement Rp 42,027,000	Furniture Procurement Rp 13,426,000	-
4	Routine Vehicle Maintenance Rp 72,965,000	Routine Vehicle Maintenance Rp 52,515,000	Vehicle Maintenance, Tax & Permit Services Rp 73,830,000	Vehicle Maintenance, Tax & Permit Services Rp 70,920,000	Vehicle Maintenance, Tax & Permit Services Rp 110,920,000
5	Routine Office Equipment Maintenance Rp 39,865,000	Routine Office Equipment Maintenance Rp 10,785,000	-	-	-
6	Routine Office Tools Maintenance Rp 9,465,000	Routine Office Tools Maintenance Rp 13,138,000	Other Equipment & Machinery Maintenance Rp 22,971,000	Other Equipment & Machinery Maintenance Rp 49,080,000	Other Equipment & Machinery Maintenance Rp 31,140,000
7	Routine Furniture Maintenance Rp 2,700,000	Routine Furniture Maintenance Rp 2,700,000	Furniture Maintenance Rp 3,220,000	Furniture Maintenance Rp 6,160,000	-
8	-	Routine Office Building Maintenance Rp 136,274,000	-	Office Building & Other Facilities Rehabilitation (Not Budgeted)	

Based on these data, researchers found that the budget carried out annually by the Tegal City Regional Inspectorate is in data numbers 2, 4, and 6. These budgets are Procurement of office building equipment and other machines, Provision of maintenance

services, maintenance costs, taxes, and operational vehicle permits, and Maintenance of office building equipment and other machines.

During a four-month fieldwork internship at the Regional Inspectorate of Tegal City, the researcher conducted direct observations in the secretariat division, which manages administration, correspondence, staffing, treasury, and procurement of office supplies and regional assets. Throughout the internship, the researcher assisted in compiling and reviewing verification reports on the inventory of regional assets and BOS funds for 2022 and 2023, leading to an interest in understanding asset disposal and budgeting procedures. Additionally, to address the research problem, interviews were conducted with internal divisions of the Regional Inspectorate and the Asset Division of the Tegal City Financial and Asset Management Agency (Bakeuda). These interviews were conducted indirectly via Google Forms, targeting respondents with relevant expertise and direct experience in the research topic.

The interviews conducted with five respondents provided additional insights that were not obtained during the internship at the Regional Inspectorate of Tegal City. The budgeting process for asset deletion follows the Ministry of Home Affairs Regulation No. 19 of 2016 on the Guidelines for Regional Asset Management. This process includes formulating detailed needs for each regional asset by preparing the Regional Asset Needs Plan (RKBMD). The removal of regional assets (BMD) involves an initial inventory of damaged or non-beneficial items, verification by assigned auditors, and submission to the asset division of Bakeuda for deletion approval.

The study revealed that the primary purpose of asset deletion is to synchronize the Regional Asset List after the transfer of regional assets, ensuring accurate asset records. The deletion process typically involves auctions conducted by Bakeuda or other methods such as grants or destruction, depending on the asset's condition. Furthermore, the deletion procedure requires multiple verification steps, including inventory assessment, asset condition verification, and submission for approval. This structured process ensures that only unusable or severely damaged assets are removed, preventing unnecessary asset loss and maintaining financial accountability.

Several factors influence asset deletion decisions, including asset condition, maintenance costs, and budget availability. Non-productive assets remain a financial burden due to maintenance and storage costs. The oversight of the deletion process is carried out by relevant authorities such as Bakeuda, APIP, and asset managers to ensure compliance with regulations. Transparency and accountability in asset deletion are maintained through verification by auditors and, in some cases, public auctions conducted



live at auction offices. Additionally, evaluations and audits are recommended to be conducted annually to assess the effectiveness of asset deletion policies and align them with budget allocations.

DISCUSSION

The findings of this study indicate that the primary purpose of deleting Regional-Owned Assets (BMD) is to determine the actual value of assets owned by a government agency, reduce maintenance costs, and enhance the efficiency of BMD utilization. The most commonly used method for asset disposal is an auction conducted by the asset division of Bakeuda. The key factors influencing the deletion of these assets include severe damage and unsuitability for use. The authorities responsible for overseeing the asset deletion process to ensure regulatory compliance include Bakeuda, the Inspectorate, relevant government agencies, auditors, and asset managers. This aligns with Mardiasmo's (2009) agency theory, which relates to public accounting, emphasizing accountability in every activity and fund allocation (Yuanita & Dewi, 2021). Furthermore, the fiscal efficiency theory by Halim (2014) states that "the management of regional assets must be carried out while considering budget efficiency. Therefore, the removal of BMD based on asset conditions and maintenance budget is a form of fiscal efficiency to ensure optimal fund allocation."

These findings are consistent with previous research conducted by Mattina, Herwanti, and Hermanto (2018) on the removal of severely damaged Regional-Owned Assets in the Mataram City Government. Their study found that the asset deletion process was implemented in accordance with established regulations, involving inventory checks, condition verification, and asset transfers following legal procedures (Martina et al., 2018). The government must develop strategies to address challenges in the asset deletion process. These strategies may include improving coordination between involved agencies, optimizing the asset recording and inventory system, and enhancing the quality of human resources to ensure more effective asset management.

CONCLUSION

The budgeting process for Regional-Owned Assets (BMD) is divided into procurement and maintenance, both beginning with the preparation of a Needs Plan (KPB). These needs are then proposed through the RKBMD for either procurement or maintenance and submitted to the Asset Manager. After verification and adjustments, the document serves as the foundation for drafting the SKPD Budget Work Plan (RKA



SKPD), which is reviewed by the Regional Budget Team (Tim APBD) and discussed with the Regional House of Representatives (DPRD) before being approved by the Regional Head (KDH). Once authorized, the finalized RKA SKPD results in the issuance of the SKPD Budget Implementation Document (DPA SKPD). The asset budgeting process at the Tegal City Inspectorate follows Minister of Home Affairs Regulation No. 19 of 2016 regarding Regional-Owned Asset Management. Based on interviews, the Inspectorate formulates detailed asset needs by linking past procurement (baseline) with current conditions to guide future planning. This is documented in the RKBMD, which outlines the asset requirements for a one-year period.

The deletion of Regional-Owned Assets is primarily based on asset conditions, assessing whether they still provide benefits or are severely damaged beyond repair. The removal process follows structured steps, including inventorying damaged assets, verification by the Internal Government Supervisory Apparatus (APIP), data submission to Bakeuda, asset collection, and final deletion through a Mayor's Decree, followed by updating records in the SIMDA BMD system. The Tegal City Inspectorate has implemented several strategies to enhance asset deletion efficiency, such as establishing SOPs, optimizing the use of SIMDA BMD for asset management, and conducting audits to ensure transparency and compliance with regulations. These measures help maintain accountability, prevent financial losses, and ensure optimal asset utilization within the regional government.

RECOMMENDATION

To improve the management of Regional Property (BMD) in Tegal City, the government should enhance the utilization of SIMDA-BMD for more efficient asset tracking and decision-making. Additionally, policies should be refined to streamline the deletion process by establishing clear guidelines and evaluation criteria to prevent unnecessary retention of damaged or obsolete assets. Regular training and workshops for government employees on asset management best practices will also be beneficial in ensuring compliance with regulations and improving operational efficiency.

MANAGERIAL IMPLICATIONS

Effective management of Regional Property requires a proactive approach from local government officials, particularly within the Regional Inspectorate of Tegal City. Managers must implement systematic planning and coordination between relevant agencies to ensure asset disposal aligns with budget realization and financial

44



transparency. Integrating technology-based asset management, such as SIMDA-BMD, can improve monitoring accuracy and optimize budget allocation. Moreover, conducting periodic audits and evaluations will help identify inefficiencies and provide a basis for continuous improvement in asset utilization and disposal processes.

RESEARCH LIMITATIONS

This study is limited by its qualitative approach, which relies on interviews, observations, and document analysis, making it less generalizable to broader contexts. Additionally, the study focuses only on the Regional Inspectorate of Tegal City, which may not reflect the asset management practices of other regions with different regulatory and financial conditions. Future research could incorporate quantitative analysis and comparative studies across multiple regional governments to provide a more comprehensive understanding of BMD management effectiveness.

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