

Optimizing State Asset Management Via Intangible Asset Elimination: Evidence from South Sulawesi

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Abstract

This study analyzes the process of eliminating intangible assets (such as technical documents and study results) to optimize the management of State Property (BMN) in the National Road Planning and Supervision Work Unit (Satker P2JN) of South Sulawesi Province. The research uses a qualitative method of a case study approach applied through in-depth interviews with four key informants (head of task force, financial staff, BMN officers) as well as analysis of policy documents, financial statements, and asset write-off archives. The results of the study revealed that the elimination process follows nine stages of regulation (PP No. 27/2014 and PMK No. 83/2016), but faces significant obstacles: 65% of agencies are not trained in the valuation of intangible assets, unmanaged documentation and limitations of intangible asset valuation standards, multilayer bureaucracy takes 6-12 months, and inconsistency in the implementation of regulations. The elimination of planning documents worth IDR 1.095 billion (Feasibility Study, Detailed Engineering Design and Environmental Document for the Untia Port Access Road) succeeded in reducing administrative burden by 31.81% and improving the accuracy of BMN's balance sheet. This study recommends three strategic solutions: competency-based HR training, digitization of the integrated archive system with SIMAK-BMN, and alignment and harmonization of regulations through a single policy framework. The findings expand the theory of institutional complexity by showing regulatory conflicts as the root of inefficiencies in the bureaucracy of developing countries and practical for state asset governance reform in Indonesia.

Keywords: elimination of BMN, intangible assets, asset optimization, public governance, bureaucratic reform.

INTRODUCTION

The management of State Property (BMN) is an important pillar in accountable governance (Brusca et al., 2016). In the last decade, the management of intangible assets such as technical documents, software, and study results has become a significant component of BMN's portfolio in line with the digitalization of public services (van der Steen et al., 2020). In the South Sulawesi P2JN Task Force, intangible assets reached IDR 3.61 billion or 7.55% of the total assets (IDR 47.87 billion), consisting mainly of technical planning documents such as Feasibility Study (FS), Detail Engineering Design (DED), and Environmental Documents. However, these intangible assets are obsolete due to policy changes or technological advances (Lev, 2001). The absence of an effective elimination mechanism creates an administrative

burden and a distortion of financial accountability (Biondi & Lapsley, 2021). Empirical studies of the elimination of intangible assets in developing countries are still very limited, especially in the context of multi-level bureaucracy (OECD, 2021). This study fills this gap by investigating the institutional complexity (Greenwood et al., 2011) and fragmented authority that hinder asset elimination processes in the public sector (Christensen & Lægheid, 2007). A structured elimination policy framework is thus essential for better governance and resource optimization (Pallot, 1999).

Timely elimination of intangible assets is essential to ensure fiscal efficiency and accuracy of financial statements (Nichita, 2019). Previous studies by Yudhi Syarif (2022) have examined the elimination of tangible assets but have not touched on the complexity of intangible assets. In fact, the unique characteristics of intangible assets, such as the absence of physical form, dependence of value on policy usefulness, and vulnerability to technological obsolescence, require special attention. This research addresses three critical questions: (1) How is the implementation of the process of eliminating intangible assets in the South Sulawesi *P2JN* Task Force? (2) What are the main obstacles to its implementation? (3) What is the impact of the elimination on the optimization of *BMN* management? The theoretical framework of institutional complexity (Greenwood et al., 2011) is used to analyze the clash between regulations as the root of inefficiency in the disposal of intangible assets.

RESEARCH METHODS

This study uses a qualitative method with a case study approach to comprehensively analyze the phenomenon of elimination of intangible assets in the South Sulawesi *P2JN* Task Force. The location was chosen purposively because this task force has a significant portfolio of intangible assets—namely, the volume of intangible assets is greater than 5% of total assets—and is actively removing technical documents amid the complexity of national infrastructure projects. Data collection involved in-depth interviews with four key informants (*Head of Task Force, Financial Assistant/BMN, Head of the BMN Team of the Center, and Technical Officer*). The interview process followed research ethics protocols, including informed consent and anonymity. Document study included analysis of laws and regulations (*PP No. 27/2014, PMK No. 83/2016*), financial statements from 2020–2023, and observation of asset elimination archives, all carried out with a structured trail audit.

Data was analyzed using the interactive model of Miles and Huberman (2014) through three stages: (1) Data reduction by categorizing findings into themes of procedures, barriers, and impacts; (2) Presentation of data in descriptive narratives and comparison tables; (3) Verification through source triangulation (cross-checking interviews, documents, and field notes) and member checking with informants. The validity of the research was maintained by trail auditing the entire data collection process.

RESULT AND DISCUSSION

Implementation of the Deletion Process

The process of eliminating intangible assets in the South Sulawesi *P2JN* Work Unit (Satker) is an integral part of state asset management which requires compliance with the provisions of laws and regulations. Based on the Minister of Finance Regulation (PMK) Number 83/2016, the asset elimination process consists of nine stages starting from identification to reporting. This process includes not only physical removal, but also the management of documents that have strategic value for the state. A case study of the deletion of Feasibility Study (FS), detailed engineering design (DED), and environmental documents for the Untia Port Access Road project with a total value of Rp1.095 billion, illustrates the flow, challenges, and potential impacts in the management of these documents.

The process of asset elimination begins with identification, which is based on the findings of the audit of the Audit Board (BPK) in 2019. The findings show that the relevant documents were not identified by their owners or locations, thus confirming the importance of the audit function as a supervisory tool as well as a driver of governance improvement. Audits act as a control mechanism to ensure each asset is recorded and accountable, as well as identifying weaknesses in the asset management system that require immediate improvement. Asset identification is a fundamental stage to ensure that all documents and assets are managed optimally, considering that negligence at this stage can cause management confusion and potential state losses.

The next stage is the formation of an internal team tasked with assessing the relevance of the documents to be deleted, as stipulated in the Decree (SK) of the Head of the Center Number 804/KPT/Bb.13/2019. This team is responsible for conducting an in-depth analysis of each document, evaluating its usefulness and relevance to the interests of the state. This process requires a comprehensive understanding of regulations as well as expertise in managing documents related to government policies and projects. The decision to delete documents must consider various aspects, including public interest, historical value, and potential impact on future project planning and implementation.

The process of submitting a proposal for deletion has been carried out in accordance with the provisions of the Minister of PUPR Regulation No. 28/PRT/M/2018 concerning the Management of State Property at the Ministry of Public Works and Public Housing, although it takes eight months (August 2022 to March 2023). The procedures carried out follow the bureaucratic level as stipulated in the regulation, starting from the Work Unit (Satker), the Headquarters, the Directorate General of Highways, to the Secretariat General of the Ministry of PUPR. However, its implementation in the field faces challenges, such as the length of the bureaucratic process between levels, coordination that is not optimal between units, and the limitation of competent human resources to handle the elimination process efficiently.

State Property Management and Accounting Information System (SIMAK-BMN) in September 2023, or twelve months after the submission of the proposed deletion. This delay indicates a mismatch between expectations for efficient and transparent management of state assets and the reality of implementation on the ground. The process that takes longer than set not only reflects problems in the implementation of regulations, but also raises questions related to accountability and transparency in the management of state assets. Therefore, evaluation of the applicable procedures is important to identify obstacles and formulate solutions to accelerate the process of removing assets that are no longer needed.

Overall, the process of eliminating intangible assets in the South Sulawesi P2JN Task Force shows that there is a gap between regulatory design and implementation in the field. Although regulations have been drafted systematically, challenges in the form of complex bureaucracy, limited human resources, and lack of coordination between institutions remain major obstacles. To realize a more efficient and transparent management of state assets, it is necessary to improve the bureaucratic system, improve the competence of human resources through relevant training, and strengthen the accountability and transparency system. These measures are expected to improve the overall performance of state asset management and make a positive contribution to national development and community welfare.

Obstacles

This study identifies four main interrelated obstacles in the process of eliminating intangible assets. These barriers not only impact operational efficiency, but also affect accountability and transparency in asset management. In this context, it is important to understand every aspect involved so that the right solution can be implemented.

First, the limitation of human resource competence is a very significant fundamental problem. Sahusilawane (2020) and Firmansyah (2024) show that 65% of agencies have difficulty managing intangible assets and elimination procedures in accordance with established standards. This reflects the gap in knowledge and skills possessed by human resources in this field. For example, the Head of the Task Force revealed, "Our human resources are still weak in understanding rules and procedures," which shows that without a deep understanding of regulations, the management of intangible assets will be hampered. The findings of Anugraini & Puryandani (2021) in Blora also highlight that only 30% of State Property (BMN) managers are trained to handle intangible assets. This means that most managers do not have the necessary skills to perform their duties effectively. This condition is further exacerbated by the rotation of BMN management officers which often occurs without an adequate knowledge handover mechanism, so that existing knowledge cannot be maintained and developed. In this context, it is important to develop a continuous and systematic training program so that HR can adapt to changes in regulations and procedures.

Second, poorly managed documentation issues create a domino effect that is detrimental to the efficiency of the asset removal process. For example, important documents such as FS (Feasibility Study), DED (Detailed Engineering Design), and Environmental Documents for the Untia Port Access Road must be traced for eight months. This happens due to fragmented physical and digital storage systems, which leads to difficulties in finding the necessary documents in a timely manner. In fact, PUPR Ministerial Regulation No. 28/2018 explicitly requires the storage of technical documents for at least ten years. Uncertainty in the management of these documents not only slows down the deletion process, but also puts agencies at risk of not fulfilling their legal obligations. Therefore, there is a need for systematic improvements in documentation management, including the implementation of an integrated document management system and training for HR to ensure that they can access and manage documents efficiently.

Third, convoluted multilayer bureaucracy significantly extends deletion times. Each stage of the elimination process must go through four levels of approval (Satker → Balai → Directorate General → Ministry), which often leads to delays. Coordination between levels often stalls due to differences in regulatory interpretations, which creates confusion and uncertainty. For example, in some cases, documents that have been approved at the Task Force level may be rejected at the Directorate General level due to differences in understanding related to applicable regulations. This situation shows the need for harmonization of regulations and procedures between institutions to speed up the process of asset disposal. Additionally, the development of clear guidance and training for each level of the bureaucracy can help reduce misunderstandings and speed up the decision-making process.

Fourth, regulatory inconsistencies between institutions create implementation conflicts that cannot be ignored. The discrepancy in PMK No. 150/2023 and the Minister of Public Works and Public Works Regulation No. 28/2018 causes the value of the document to remain recorded as much as the initial acquisition cost without amortization. This is contrary to PSAK 16 and ATB's accounting practices in the UK public sector (IPSAS 31) which require amortization according to the useful life (IFAC, 2022). This inconsistency reduces the reliability of financial statements while affirming institutional complexity (Greenwood et al., 2011) as the root of the problem. In this context, it is important to synchronize between existing regulations so that there is no confusion in the field. In addition, there needs to be a communication forum between institutions to discuss and resolve differences in regulatory interpretations that can hinder effective implementation.

These barriers are interconnected, where limited HR capacity is positively correlated with documentation irregularities, bureaucratic complexity significantly prolongs regulatory inconsistencies, thus forming a systemic cycle of inefficiency. Therefore, to comprehensively

address this issue, an integrated and collaborative approach among all stakeholders is needed. This includes improving human resource competence, improving the documentation system, simplifying bureaucracy, and harmonizing regulations between institutions.

CONCLUSION

The implementation of the elimination of intangible assets in the *National Road Planning and Supervision Work Unit* of South Sulawesi Province has procedurally fulfilled nine stages of regulation, but substantially faces four crucial obstacles: (1) limited competence of human resources in the assessment of intangible assets, (2) documentation management that has not been managed optimally, (3) multi-level bureaucratic inefficiencies, and (4) inconsistency in regulatory implementation. The successful elimination of technical documents (*FS, DED, Environmental Documents*) worth IDR 1.095 billion demonstrates that the elimination of non-productive assets increases administrative efficiency by 31.81% and improves the accuracy of financial statements. These findings strengthen the theory of institutional complexity (Greenwood et al., 2011) by proposing a single policy framework as a mechanism for resolving regulatory conflicts in developing country bureaucracies. K-Cloud System Korea's inspired integrated archive digitization recommendations (2023) have the potential to reduce processing time by up to 70%, although this requires an in-depth feasibility study. The implementation of this solution is believed to encourage the holistic optimization of *BMN* management.

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