

OPTIMIZATION OF THE AUTHORITY OF THE REGIONAL FINANCIAL AND ASSET MANAGEMENT AGENCY (BPKAD) IN MANAGING REGIONAL ASSETS IN MEDAN CITY**Dani Sintara****Universitas Muslim Nusantara Al-Washliyah Medan****Email: dani.sintara@umnaw.ac.id**

ABSTRACT

The Regional Financial and Asset Management Agency is part of the regional apparatus organization that handles matters supporting regional government. As an agency that has a function to support government affairs, the BPKAD in Medan City has several authorities related to the management of regional finances and assets. The large number of regional assets in Medan City that have not been optimally managed is a separate problem related to the management of regional finances and assets. This study uses normative legal research with the approach used through the statute approach. This means that this study aims to see whether the authority of the BPKAD, especially in Medan City, has been implemented optimally or not. In the end, it is seen that the position of the BPKAD in Medan City as an agency is included in the agency that constitutionally has a clear legal basis. However, related to its authority, it is seen that the BPKAD in Medan City has not been able to optimally implement its authority in managing regional finances and assets in Medan City. So there needs to be improvement related to the performance of the BPKAD.

Keywords: Optimization, BPKAD, Assets.

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INTRODUCTION

The Republic of Indonesia is a unitary state in the form of a republic. ¹In its governance, Indonesia consists of several districts/cities. This is in accordance with the provisions of Article 18 paragraph 1 of the 1945 Constitution which states that *"The Unitary State of the Republic of Indonesia is divided into provincial areas and the provincial areas are divided into districts and cities, each of which has a*

¹Article 1 paragraph (3) of the 1945 Constitution.

regional government, which is regulated by law".²The provisions above indicate that there is a government under the central government.

The existence of a regional government system is the result of the implementation of the principle of Decentralization. Decentralization gives birth to regional autonomy.³Regional autonomy is a situation that requires regions to be able to carry out all rights and obligations and optimize all the best potentials in the region.⁴This is in accordance with the provisions of Article 18 paragraph 2 of the 1945 Constitution which states that " *Provincial, district, and city regional governments regulate and manage their own government affairs according to the principles of autonomy and assistance tasks*". So that this autonomy policy certainly changes the flow of power patterns which initially government power moved from the regional level to the central level, which was later changed to from the central level to the regional level.⁵

In relation to this, it has an impact and implications on the relationship between the Central Government and the Regional Government. In relation to this, the Central Government and the Regional Government have a very close relationship and cannot be separated. Because even though there are regional governments in the Republic of Indonesia, the regional government remains a part of the Republic of Indonesia which is bound by a concept of a unitary state. As a result, the Central and Regional Governments have a very close relationship in the state system in Indonesia. The relationship that cannot be separated and has a close relationship between the central government and the regional government can be exemplified by the pattern of financial relations between the central and regional governments.

Article 1 paragraph 1 of Law No. 1 of 2022 concerning Financial Relations Between the Central Government and Regional Governments states that Financial Relations between the Central Government and Regional Governments is a financial management system that regulates the financial rights and obligations between the central government and regional governments which are implemented fairly, transparently, accountably, and in harmony based on the law. Meanwhile,⁶what is meant by regional finance is all the rights and obligations of the Region in

²Article 18 paragraph (1) of the 1945 Constitution.

³ Aswinda, Usman Jafar, Rahmatial HL "Pertanggungjawaban Anggota Perwakilan Rakyat Daerah Kabupaten Bantaeng Perspektif Siyasah Syar'iyah," *Siyasatuna: Jurnal Ilmiah Mahasiswa Siyasah Syar'iyah* 2, no. 2 (2021): 319–332.

⁴ Hariadi dan Nila Sastrawati, "Peraturan Daerah Nomor 5 Tahun 2006 Tentang Bantuan Keuangan Partai Politik Di Kabupaten Takalar (Perspektif Siyasah Syar'iyah)," *Siyasatuna: Jurnal Ilmiah Mahasiswa Siyasah Syar'iyah* 1, no. 2 (2020).

Jimly Asshiddiqie, *Konstitusi Dan Konstitusionalisme Indonesia* (Jakarta: Sinar Grafika, 2010) p. 226.

⁶Article 1 Paragraph 1 of Law No. 1 of 2022 concerning Financial Relations Between the Central Government and Regional Governments.

the context of organizing Regional Government that can be valued in money and all forms of wealth that can be owned by the Region in connection with the rights and obligations of the Region.⁷

The existence of financial relations between the central government and regional governments requires management of these finances. In general, regional financial management has very broad implications and will greatly determine the position of a regional government in implementing regional autonomy.⁸ Therefore, this relationship pattern is implemented administratively which must still be guided by decentralization policies. This is intended so that the process of organizing government in Indonesia can run effectively and efficiently in order to achieve state goals.⁹

Regional financial management is not an easy part to do. Referring to Article 1 paragraph 2 of Government Regulation Number 12 of 2019 concerning Regional Financial Management, it can be interpreted that *regional financial management is all activities that include planning, budgeting, implementation, administration, reporting, accountability, and supervision of regional finances*.¹⁰ So it can be seen that financial management includes very long stages. Given that in the implementation of government, especially in regional financial management, the government must apply the principles of good governance in its government system.

The Regional Financial and Asset Management Agency (BPKAD) is one of the agencies that plays a role in managing regional finances. The Regional Financial and Asset Management Agency (BPKAD) is an institution formed as an implementation of the granting of broader autonomy by the central government to regional governments. Based on Law No. 23 of 2014 concerning Regional Government. The implementation of regional government activities is directed to accelerate the realization of community welfare through improving services, empowerment and community participation, by paying attention to the principles of democracy, equality, justice and the uniqueness of a region. The enactment of this Law has created a new paradigm for regional financial management that is oriented towards public interests. Thus, there will be an obligation for regional

⁷Article 1 Paragraph 76 of Law No. 1 of 2022 concerning Financial Relations Between the Central Government and Regional Governments

⁸ Andi Safriani, "Telaah Terhadap Asas Akuntabilitas Dalam Pengelolaan Keuangan Daerah," *Jurisprudentie* 4, no. 1 (2017): 32.

⁹ Jum Angraini, *Pelaksanaan Pengawasan Pemerintah Pusat Terhadap Peraturan Daerah* (Jakarta: Universitas Tama Jagakarsa, 2011). p 60.

¹⁰Article 1 paragraph 2 of Government Regulation No. 12 of 2019 concerning Regional Financial Management

governments regarding transparency of financial and budget report information to the public.¹¹

The Regional Financial and Asset Management Agency as a technical implementing element of the Regional Government in the field of regional financial and asset management in accordance with regional authority led by a head of agency who is under and responsible to the regional head through the regional secretary.¹² So as part of the technical implementing element, the existence of the Regional Financial and Asset Management Agency is expected to facilitate the planning process for the use of regional finances and increase revenue for the regions.

However, the existence of the Regional Financial and Asset Management Agency in each region has not been able to realize independence in each region. The large number of regional assets that have not been managed properly has resulted in the region not being able to be financially independent. Especially in the city of Medan, the phenomenon of many assets that have not been fully utilized properly has resulted in the small amount of local revenue that should have been used as funding for development in the city of Medan. Referring to what was conveyed by the Head of the Regional Financial and Asset Management Agency of the city of Medan who explained that the assets of the Medan city government worth Rp 30.5 trillion have not functioned optimally with details of Rp 28.2 trillion in the form of land and Rp 2.29 trillion in the form of buildings. He continued, the Head of the agency also stated that one of the reasons for the suboptimal management of regional assets in the city of Medan was that many cultivators had occupied the empty land for a relatively long time. Another factor that occurred was the existence of claims of ownership by certain parties and submitted through legal channels which indirectly resulted in the Medan City Government's freedom to utilize the assets being constrained.¹³ This phenomenon is certainly part of the task of the Regional Financial and Asset Management Agency to be resolved. As an agency that functions to support government affairs, especially in the financial sector, it is hoped that the Agency can answer and provide solutions for the utilization of assets in each region.

¹¹ Elmi Hakim Sabili and Suci Nasehati Sunaningsih, "Peran BPKAD Dalam Penyajian Data Keuangan Daerah Yang Transparan Dan Akuntabel," *Al Qalam: Jurnal Ilmiah Keagamaan dan Kemasyarakatan* 16, no. 6 (2022): 2083.

¹² Niken Sariti, Galang Asma, and Minollah Minollah, "Pelaksanaan Kewenangan Badan Pengelolaan Keuangan Dan Aset Daerah (BPKAD) Dalam Penentuan Nilai Transaksi Jual Beli Tanah Sebagai Dasar Penetapan Bea Perolehan Hak Atas Tanah Dan Bangunan (BPHTB)," *Jurnal Risalah Kenotariatan* 4, no. 2 (2023).

¹³ Delfi Rismayeti, "Medan City Government Assets Worth IDR 30.5 Trillion Have Not Been Optimally Utilized," *Sumatra Bisnis.Com* (Medan, 2023), <https://sumatra.bisnis.com/read/20231025/533/1707742/aset-pemkot-medan-senilai-rp305-triliun-belum-optimal-termanfaatkan>.

So based on the background and the phenomena that occur above, it is necessary to see how the position of the Regional Financial and Asset Management Agency is in the regional government and there needs to be optimization that must be done for asset management that can lead to additional income for the region. So that it can create financial independence for regions to regulate and manage their respective regions.

METHOD

The research that will be used is normative-empirical legal research. This means an understanding of law in the sense of norms (rules) and the implementation of legal rules in real behavior as a result of the validity of legal norms. This behavior can be observed in real terms and is evidence of whether citizens have behaved in accordance or not in accordance with normative legal provisions (statutory regulations and other written documents). Abdul Kadir Muhammad stated that normative-empirical (applied) legal research is research that examines the implementation or implementation of positive legal provisions (legislation) and written documents in a *in action* (factual) in a particular legal event that occurs in society.¹⁴

The approach method used in this study is the statute approach. This statute approach is an approach carried out by examining all laws and regulations related to the legal issue being handled.¹⁵

DISCUSSION

Existence And Position Of The Medan City Regional Financial And Asset Management Body From The Perspective Of Indonesian Laws And Regulations

Regional finance is all rights and obligations that can be valued in money, as well as everything in the form of money or goods that can be used as regional wealth as long as it is not yet owned/controlled by the state or a higher region and other parties in accordance with applicable laws and regulations.¹⁶ This means that regional finance is wealth owned by the region that can be used for the benefit of the region. In its management, the Regional Financial and Asset Management Agency has a significant role in the management of regional finance.

Regional Financial and Asset Management Agency (BPKAD), which is one of the public sector organizations within the regional government agency. The

¹⁴ Eka NAM Sihombing dan Cynthia Hadita, *Penelitian Hukum* (Malang: Setara Press, 2022). p 49.

¹⁵ Peter Mahmud Marzuki, *Penelitian Hukum* (Jakarta Timur: Prenadamedia Group, 2019).

¹⁶ A.Halim dan Kusufi M.S, "Akuntansi Sektor Publik Akuntansi Keuangan Daerah," *Salemba Empat* 1 (2012).

Regional Financial and Asset Management Agency (BPKAD) has the main task of planning, managing, and supervising the management of regional finances and assets so that they run well and efficiently. The Regional Financial and Asset Management Agency (BPKAD) usually has functions such as budget preparation, regional cash management, supervision of regional expenditures and revenues, regional asset management, and reporting of regional finances and assets to the authorities. What is expected in the management of regional finances and assets can be carried out more transparently, accountably, and efficiently so that it can support regional development sustainably and better in the future.¹⁷

The Regional Financial and Asset Management Agency (BPKAD) is one of the agencies that has an important role in the financial sector. If classified, there are two roles that can be carried out by the Regional Financial and Asset Management Agency in regional government, namely playing a role in compiling regional expenditures, and also playing a role in efforts to increase regional original income. So that the existence of the Regional Financial and Asset Management Agency as a supporting instrument for government affairs is expected to be able to make the use of regional finances more efficient.

If we examine, the Regional Financial and Asset Management Agency is part of the Regional Apparatus Organization. Viewed from its form, then BPKAD is a regional apparatus organization in the form of an Agency. Regulations regarding the existence of the Agency in the regional government system can be seen from the provisions of Law No. 23 of 2014 concerning Regional Government. Article 209 paragraph 1 of Law No. 23 of 2014 concerning Regional Government states that regional apparatus consists of provincial regional apparatus and district regional apparatus. More clearly, that the Provincial Regional Apparatus consists of:

- a. Regional Secretariat
- b. DPRD Secretariat
- c. Inspectorate
- d. Service, and
- e. Body

Furthermore, Article 209 paragraph 2 of Law No. 23 of 2014 concerning Regional Government states that the Regency/City Regional Apparatus consists of:

- a. Regional Secretariat
- b. DPRD Secretariat

¹⁷ Fitri Zahwatul Aulia dan Nur Handayani, "Peran Badan Pengelolaan Keuangan Dan Aset Daerah (Bpkad) Dalam Penyajian Laporan Keuangan Pemerintah Daerah," *Jurnal Ilmu dan Riset* ... 13, no. 3 (2024), <http://jurnalmahasiswa.stiesia.ac.id/index.php/jira/article/view/5821%0Ahttp://jurnalmahasiswa.stiesia.ac.id/index.php/jira/article/download/5821/5866>.

- c. Inspectorate
- d. Service
- e. Body, and
- f. Subdistrict

This means that there are similarities in regional apparatus at the provincial and district/city levels. It's just that at the district/city level there are sub-districts, while at the provincial level there are no sub-districts. However, in principle, the existence of regional apparatus organizations in the form of an Agency constitutionally has a clear legal basis. In the explanation of Article 209 letter e of Law No. 23 of 2014 concerning Regional Government, it states that "agency" means a supporting element that carries out strategic functions that are needed to support the implementation of Government Affairs that are the authority of the Region, including planning, supervision, personnel, finance, education and training, and research and development.¹⁸

Furthermore, Article 219 paragraph 1 of Law No. 23 of 2014 concerning Regional Government states that: *"The agency as referred to in Article 209 paragraph (1) letter e and paragraph (2) letter e is formed to carry out supporting functions for Government Affairs which are the authority of the Region, including:*

- a. planning;*
- b. finance;*
- c. personnel and education and training;*
- d. research and development; and*
- e. functions in accordance with the provisions of laws and regulations.*

Its position as part of the regional apparatus, it is necessary to pay attention to the derivative rules of Law No. 23 of 2014 concerning Regional Government, namely Government Regulation Number 18 of 2016 concerning Regional Apparatus. Explicitly, Law No. 23 of 2014 concerning Regional Government has stated that the agency is formed to carry out supporting functions for government affairs. In addition, in Article 46 paragraph 1 of Government Regulation Number 18 of 2016 concerning regional apparatus, it is stated again that *the agency supporting elements of Government Affairs that are the authority of the Regency/City Region.*¹⁹ Furthermore, related to the organizational structure of the regional apparatus, it will become the authority of the regional head which will later be determined through a regional regulation. This is in accordance with the provisions of Article 4 of Government Regulation Number 18 of 2016 concerning

¹⁸Explanation of Article 29 letter e of Law No. 23 of 2014 concerning Regional Government.

¹⁹Article 46 Paragraph 1 of Government Regulation Number 18 of 2016 concerning Regional Apparatus.

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Regional Apparatus which states that *"Provisions regarding the position, organizational structure, duties and functions, and work procedures of the Regional Apparatus are determined by a Regional Regulation"*.

If it is associated with the existence of the Regional Financial and Asset Management Agency in Medan City, then structurally it will be further regulated in the Medan Mayor Regulation. In relation to Article 4 of Government Regulation Number 18 of 2016 concerning Regional Apparatus, the composition of regional apparatus will be further regulated by the governor at the provincial level, and the regent/mayor at the district/city level.

The existence of the Medan City Regional Financial and Asset Management Agency can be seen from Medan City Mayor Regulation No. 1 of 2022 on Position, Organizational Structure, Duties and Functions, and Work Procedures of Regional Apparatus. Referring to Article 96 paragraph 2, it states that *"The Regional Financial and Asset Management Agency as referred to is led by the Head of the Agency who is positioned under and responsible to the Mayor through the Regional Secretary"*. In more detail, the organizational structure of the Regional Financial and Asset Management Agency is regulated in Article 97 of Medan City Mayor Regulation No. 1 of 2022 which states that the organizational structure of the Regional Financial and Asset Management Agency consists of:²⁰

- a. Head of Agency;
- b. Secretary, in charge of:
 - 1) general subsection;
 - 2) suIKQb coordinator of financial scope;
 - 3) sub-coordinator for the scope of program preparation;
 - 4) functional positions; and
 - 5) position .
- c. Budget planning areas:
 - 1) budget sub-field I;
 - 2) budget sub-field II;
 - 3) sub-coordinator of budget scope III;
 - 4) functional positions; and
 - 5) position .
- d. Regional treasury and cash sector:
 - 1) treasury sub-field I;
 - 2) treasury sub-field II;
 - 3) regional cash sub-coordinator;
 - 4) functional positions; and
 - 5) position .

²⁰Medan City Mayor Regulation No. 1 of 2022 Position, Organizational Structure, Duties and Functions, and Work Procedures of Regional Apparatus

- e. Areas of accounting and financial reporting:
 - 1) sub-field of bookkeeping;
 - 2) reporting sub-field;
 - 3) sub-coordinator for data and information processing scope;
 - 4) functional positions; and
 - 5) position .
- f. Assets and investment areas:
 - 1) sub-field of asset data collection and inventory;
 - 2) sub-sector of financing and investment;
 - 3) sub-coordinator for the scope of asset control and supervision;
 - 4) functional positions; and
 - 5) position .
- g. UPT

The organizational structure of the Regional Financial and Asset Management Agency provides an illustration that in terms of regional financial management, the Regional Financial and Asset Management Agency has a very large role. Not only related to budget management, but also regional assets are part of the duties of the Regional Financial and Asset Management Agency. This means that the Regional Financial and Asset Management Agency is an agency that is constitutionally recognized in the state system in Indonesia, especially in Regional Government. So that the Regional Financial and Asset Management Agency is included as part of the regional apparatus organization regulated in laws and regulations.

Optimizing the Authority of the Regional Financial and Asset Management Agency in Managing Assets in the City of Medan

Regional financial and asset management bodies (BPKAD) are among the bodies that have the authority to manage regional assets. if related to the concept of authority, citing Indroharto's opinion, that authority is obtained through attribution, delegation, and mandate, each of which is explained as follows: Authority obtained through attribution, namely the granting of new government authority by a provision in statutory regulations. So, here a new government authority is born/created. In delegation, there is a delegation of existing authority by a State Administration Agency or Office that has obtained attributive government authority to another State Administration Agency or Office. So, a delegation is always preceded by the existence of an attribution of authority. In a mandate, there is no granting of new authority or delegation of authority from one State Administration Agency or Office to another. ²¹This means that the authority of the Regional Financial and Asset Management Agency is a delegation of delegated authority

²¹ Indroharto, *Efforts to Understand the Law on State Administrative Courts* (Jakarta: Pustaka Harapan, 1993).

from a government organ that has been given attributive authority first. The presence of BPKAD is a delegation of the authority of the regional head as the manager of regional finances and assets.

Regional assets are one of the elements that must be managed properly so that they can produce reliable information in regional financial reports. Regional asset management is an effort to increase efficiency, effectiveness in managing assets, which then becomes the initial capital for the government to increase its financial capabilities and can support the role and function of regional governments as public services to the community.²²In line with the understanding above, regional assets are all regional assets owned or controlled by the regional government, which are obtained at the expense of the APBD, or come from other legitimate acquisitions, such as endowments, grants, self-help and so on.²³

Normatively, Article 1 paragraph 18 of Permendagri No. 47 of 2021 concerning Procedures for Implementing Bookkeeping, Inventory, and Reporting of Regional Assets defines that Assets are economic resources controlled and/or owned by the Regional Government as a result of past events and from which future economic and/or social benefits are expected to be obtained, both by the Regional Government and the community, and can be measured in monetary units, including non-financial resources needed to provide services to the general public and resources maintained for historical and cultural reasons.²⁴This means that legally it can be seen that the definition of assets is much broader in scope and is not always in the form of objects, but resources maintained for historical and cultural reasons are also part of assets.

In essence, in relation to assets, it cannot be separated from regional assets (BMD). Regional assets will automatically become regional assets that must be managed. Referring to Article 1 paragraph 2 of Government Regulation Number 28 of 2020 concerning Amendments to Government Regulation Number 27 of 2014 concerning Management of State/Regional Assets, it states that " *Regional Assets are all goods purchased or obtained at the expense of the Regional Revenue and Expenditure Budget or originating from other legitimate acquisitions*".²⁵ So that goods obtained from the APBD burden will become regional property and become assets for the regional government.

²² Lewina Sulistiawati and Muhamad Nur Rizqi, "Implementasi Pengelolaan Aset Daerah Pada BPKAD Kabupaten Bogor Tahun 2022," *Journal on Education* 06, no. 01 (2023): 9173–9182.

²³ Mahmudi, *Analisis Laporan Keuangan Pemerintah Daerah* (Yogyakarta: UPP STIM YKPN, 2010).

²⁴ Minister of Home Affairs Regulation Number 47 of 2021 concerning Procedures for Implementing Bookkeeping, Inventory and Reporting of Regional Property

²⁵ Article 1 paragraph 2 of Government Regulation Number 28 of 2020 concerning Amendments to Government Regulation Number 27 of 2014 concerning Management of State/Regional Property

Talking about assets, there is a grouping or classification of assets. Referring to Article 2 paragraph 2 of Permendagri No. 47 of 2021 concerning Procedures for Implementing Bookkeeping, Inventory, and Reporting of Regional Property provides a classification of objects of Bookkeeping, Inventory and Reporting related to Regional Property (BMD). In its classification, there are 3 types of assets, namely:²⁶

- a. Current assets in the form of inventory
- b. Fixed assets, including:
 1. Land
 2. Equipment and machinery
 3. Buildings and structures
 4. Roads, irrigation and networks
 5. Other fixed assets, and
 6. Construction in progress
- c. Other assets include:
 1. Partnership with third parties
 2. Intangible assets
 3. Other assets

In principle, assets are included in the part of regional wealth that must be utilized. Assets are included in one part and scope of regional financial management. Regional assets that are regional assets are expected to be able to create independence and financial capability for a region which will eventually lead to the progress of the region. Efforts to realize financial capability for the region, the process of managing regional finances and assets needs to be carried out optimally. Referring to the provisions of Article 3 paragraph 2 of PP Number 27 of 2014 concerning Management of State/Regional Property, Management of State/Regional Property includes:

- a. Requirements planning and budgeting;
- b. procurement;
- c. Use;
- d. Utilization;
- e. security and maintenance;
- f. Evaluation;
- g. Transfer;
- h. Destruction; Erasure;
- i. Administration; and

²⁶ Article 2 paragraph 2 of the Minister of Home Affairs Regulation No. 47 of 2021 concerning Procedures for Implementing Bookkeeping, Inventory, and Reporting of Regional Property

- j. coaching , supervision and control.

The implementation of regional asset management is generally often carried out by an agency that has a function to support government affairs. The Regional Financial and Asset Management Agency (BPKAD) is an agency formed to carry out the function of supporting government affairs that are the authority of the region. In the composition of regional apparatus, the Regional Financial and Asset Management Agency (BPKAD) is under and responsible to the governor for the provincial level and the regent/mayor for the district/city level through the regional secretary.

BPKAD also has a role in the preparation, implementation, administration of accountability and reporting of the APBD. Therefore, BPK is a Public Service Agency that requires the preparation of financial reports as a form of responsibility. The Regional Finance and Asset Management Agency (BPKAD) is one of the organizations in the regional government agency that is positioned as an implementer in the field of management and finance and regional assets, which includes the fields of income, expenditure, finance, and all regional assets. The Regional Finance and Asset Management Agency functions as a reporting entity that organizes regional government financial reports .²⁷

The Regional Financial and Asset Management Agency (BPKAD) in Medan City is part of the regional apparatus organization tasked with assisting the mayor in carrying out supporting functions for government affairs in the scope of regional finance and assets. So that in carrying out its duties, the Regional Financial and Asset Management Agency of Medan City has the following functions:²⁸

- a. preparation of technical policies for regional financial and asset management;
- b. implementation of technical support tasks for regional financial and asset management;
- c. monitoring, evaluation and reporting on the implementation of technical support tasks for regional financial and asset management;
- d. technical guidance for the implementation of supporting functions for government affairs in the scope of regional financial and asset management based on statutory regulations; and
- e. implementation of other functions assigned by the mayor related to his duties and functions.

²⁷ Handayani, "Peran Badan Pengelolaan Keuangan Dan Aset Daerah (Bpkad) Dalam Penyajian Laporan Keuangan Pemerintah Daerah."

²⁸ Medan City Mayor Regulation No. 1 of 2022 Position, Organizational Structure, Duties and Functions, and Work Procedures of Regional Apparatus

This means that in the scope of regional financial and asset management, BPKAD has a very complex role in the field of financial management which is a form of carrying out the task of assisting the mayor in government affairs. So if it is associated with the theory of authority, then the authority obtained by BPKAD is a form of delegation from the government above it. If observed further, BPKAD has two scopes of work that are interrelated and must be carried out, namely related to the preparation of technical policies to manage regional finances and also the preparation of technical policies to manage regional assets. With the authority it has, it should be able to help regional government finances so as to create financial stability and bring progress to the community.

Regional assets that are part of the scope of work of the BPKAD can actually be utilized and become a source of regional original income. Legally, regional assets that are included in regional assets can be utilized. If you look at Article 1 paragraph 10 of Government Regulation Number 28 of 2020 concerning Amendments to Government Regulation Number 27 of 2014 concerning Management of State/Regional Property, *Utilization is the utilization of State/Regional Property that is not used for the implementation of the duties and functions of the Ministry/Institution of regional apparatus units and/or optimization of State/Regional Property without changing the ownership status*. From the definition above, it indicates that as long as the goods are not used for the duties and functions of the institution, regional apparatus unit and as long as it does not change the ownership status of the goods, regional property which is a regional asset may be used and utilized.

Utilization of regional assets (BMD) as regional assets can be done. Referring to Article 27 paragraph 1 of Government Regulation Number 28 of 2020 concerning Amendments to Government Regulation Number 27 of 2014 concerning Management of State/Regional Assets, it states that *the form of utilization of State/Regional Assets is:*

- a. *Rent;*
- b. *Borrow for Use;*
- c. *Utilization Cooperation;*
- d. *Build for Handover or Build for Handover; or*
- e. *Infrastructure Provision Cooperation.*

Referring to the provisions of the legal norms above, the utilization of assets in the region can be done. It can be seen that, regional goods in the form of fixed assets such as land, buildings and other assets can be utilized by renting them to the general public. This means that the Regional Financial and Asset Management

Agency has the authority to utilize regional assets which have an impact on increasing regional original income.

Talking about the authority held by the Medan City Regional Financial and Asset Management Agency (BPKAD), the Medan City BPKAD can prepare plans to be able to utilize Medan city assets. Fahrial and Hadi stated that there are 3 (three) basic principles in asset management, namely:²⁹

1. Having proper planning The local government must have a plan for asset requirements that will be used as a basis for procuring regional assets. Guided by this planning, the local government can submit a procurement budget. This is done so that later the community and the government will not be harmed. Therefore, there needs to be strategic planning regarding the management of regional assets.
2. Effective and efficient implementation After having the right planning, the next stage is the implementation stage. Implementation must pay attention to the principles of effectiveness, efficiency, transparency and accountability so that the implementation can run optimally. Management is related to security, distribution and maintenance. Therefore, there must be a unit that manages regional assets so that there is no overlapping authority in managing regional assets.
3. Supervision (monitoring) The third basic principle is the supervision stage. Strict supervision is needed in the planning stage up to the asset disposal stage. The role and function of the DPRD, internal auditors and the community are very much needed in this case. The involvement of auditors is to assess the level of consistency in the implementation of regional government with applicable standards.

However, the phenomenon that occurs is that regional assets that are part of the regional assets of Medan City have not been fully utilized by the regional government. Many items in each regional apparatus organization that are no longer used become abandoned items and lower the selling price of the goods. Not to mention the statement from the head of the Medan City Regional Finance and Asset Management Agency who stated that another factor that hinders the less than optimal management of regional assets is the attitude of mutual claims in the community who have worked on empty land which is an asset of the Medan City government. This means that it is clear that efforts to manage regional finances and assets in Medan City have not been optimally carried out. In fact, if we refer to the structure of the Medan City BPKAD regarding asset management, there is a

²⁹ Fahrial dan Hadi.s, "Analisis Optimalisasi Pengelolaan Aset Pemerintah Kota Pekanbaru," *Dinamika Pertanian* 35, no. 3 (2019): 129–138.

separate field that handles it. Even if it is associated with the authority of the Medan City BPKAD, then as an agency that focuses more on technical matters, it should better understand the conditions in the field. So that the preparation of technical policies related to regional finances and assets can be carried out optimally.

CONCLUSION

The existence of the Medan City Regional Financial and Asset Management Agency (BPKAD) has been normatively regulated in the law. Medan City BPKAD is part of the regional apparatus organization. The word "Agency" in the structure and structure of government can be seen in the provisions of Article 209 paragraph 2 of Law Number 23 of 2014 concerning Regional Government. Specifically, Medan City BPKAD is regulated in the provisions of Medan City Mayor Regulation Number 1 of 2022 concerning Position, Organizational Structure, Duties and Functions, and Work Procedures of Regional Apparatus. Referring to Article 96 paragraph 2, it states that *"The Regional Financial and Asset Management Agency as referred to is led by the Head of the Agency who is positioned under and responsible to the Mayor through the Regional Secretary"*. This Mayor's Regulation is a follow-up to Article 4 of Government Regulation Number 18 of 2016 concerning regional apparatus which provides *"Provisions regarding the position, organizational structure, duties and functions, and work procedures of Regional Apparatus are stipulated by a Perkada"*. So, viewed from a normative perspective, the Regional Financial and Asset Management Agency in Medan City is a regional apparatus organization whose existence is constitutional in regional government.

The phenomenon that shows that there are still many regional assets in the city of Medan that have not been managed and utilized optimally shows that the Medan City BPKAD has not been optimal in carrying out its functions. The authority held by the Regional Financial and Asset Management Agency is more specifically regulated in the provisions of Medan City Mayor Regulation No. 1 of 2022 on Position, Organizational Structure, Duties and Functions, and Work Procedures of Regional Apparatus. There are five functions that are the authority of the Medan City Regional Financial and Asset Management Agency, including 1). preparation of technical policies for managing regional finances and assets, 2) implementation of technical support tasks for managing regional finances and assets, 3) monitoring, evaluating, and reporting on the implementation of technical support tasks for managing regional finances and assets, 4) technical guidance for the implementation of supporting functions for government affairs in the scope of managing regional finances and assets based on laws and regulations, 5) implementation of other functions given by the mayor related to his duties and functions. So that as an agency that focuses more on technical matters, it can

maximize the preparation of technical policies related to managing regional finances and assets.

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