

Fixed Assets Management: The Efforts to Increase Audit Report Toward Unqualified Opinion

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Article Info

Volume 83

Page Number: 9280 - 9291

Publication Issue:

May - June 2020

Abstract:

Managing fixed assets in Local Government has crucial problems concerning administration, reporting and their accountability. Even though Indonesian Government has already a set of rules on governing asset management at both the central and at regional levels, but they have not yet been properly implemented. There are still many regions that have not received unqualified opinion as a result of the weakness of asset management in accordance with the prevailing standards. This study is aimed to explore the efforts to improve the opinion of local governments associated with management of fixed assets at the Local Governments in Province of Southeast Sulawesi. The descriptive and interpretative analyses are used as the research method. The results of this study indicates that there are several ways to achieve the unqualified opinion at the Local Governments in Province of Southeast Sulawesi are as follows: 1) Carry out remedial efforts of several problematic fixed asset management cycles, that is a) planning and budgeting; b) Administration and revaluation of fixed assets. 2) The implementation of full fixed asset accounting pursuant to Government Regulation No. 71 of 2010 which is regarding to the Government Accounting Standard and the Regulation of the Minister of Home Affairs No. 17 of 2007 on the Technical Guidelines of Local-Owned Assets Management.

Article History

Article Received: 19 November 2019

Revised: 27 January 2020

Accepted: 24 February 2020

Publication: 18 May 2020

Keywords: Fixed Asset Management, Fixed Asset Accounting, Audit Report, Unqualified Opinion, Local Government

I. INTRODUCTION

The Reforms that have been started in Indonesia which have penetrated almost all aspects of life. The development of reform in the field of government continues with the issuance of regulation by No. 32 of 2004 (Amendment and refinement of Regulation by No. 22 of 1999 on Regional Government) which requires to the government to arrange and manage its own affairs of local government. Regional autonomy has consequences that the role of the central government will be smaller; on the contrary the role of local government is greater in the development of the region / its area. Local governments are required to have most independence in finance of the

development budget. Therefore, local governments should be able to optimize their sources of area in order to improve services to the community. Regional area sources used for fixed asset expenditure that should be able to be managed properly in accordance with their function to maintain the functional benefits of the asset.

The implementation a good local government system is a primary requirement. The local government has to apply good regulation in the running of governmental cycle/ flow. In this case the rules in the field of regional financial management embodied in the form of the implementation of the principles of good governance. Otherwise, its development to deal with regional autonomy, the

local governments not only optimize the potential of local area, but also the government must know about the management of fixed assets. The management of fixed assets is not an easy task. This is an evident from many opinions of qualified opinion provided by the Supreme Audit Agency Republic of Indonesia giving conclusion of local government financial statements.

One of government supervision is the audit by the Supreme Audit Agency. It conducts the audit of all

local governments throughout Indonesia for each year. The results of the audit will produce an opinion, which is also the conclusion of the audit. The following opinion issued by the representative of Supreme Audit Agency of Southeast Sulawesi Province of fiscal year 2011- 2015 :

Table1.1.The lists Opinion Representative of Supreme Audit Agency of Republic (BPK RI) of Southeast Sulawesi Province

No	Local Government Entity	F.Y 2011	F.Y 2012	F.Y 2013	F.Y 2014	F.Y 2015
1	2	3	4	5	6	7
1	Southeast Sulawesi Province	WDP	WDP	WTP	WTP	WTP
2	Bombana Regency	TMP	WDP	WTP DPP	WTP	WTP
3	North Buton Regency	TMP	TMP	WDP	WDP	WDP
4	Kolaka Regency	WDP	WDP	WDP	WDP	WDP
5	North Kolaka Regency	WDP	WDP	WDP	WTP	WTP
6	Konawe Regency	WDP	WDP	WDP	WDP	WTP
7	South Konawe Regency	WDP	WDP	WDP	WDP	WDP
8	North Konawe Regency	TMP	TMP	WDP	WDP	TW
9	Muna Regency	WDP	WDP	WDP	WDP	WDP
10	Buton Regency	WDP	WDP	WTP DPP	WTP	WTP
11	Wakatobi Regency	WDP	WDP	WDP	WTP	WTP
12	Bau- Bau City	WDP	WDP	WDP	WDP	WTP
13	Kendari City	WDP	WDP	WTP DPP	WTP	WTP
14	East Kolaka Regency				WDP	WDP
15	Archipelagic Konawe Regency				WDP	WDP
16	Middle Buton Regency					WDP
17	South Buton Regency					WDP
18	West Muna Regency					WDP

Source: The Representative Supreme Audit Agency of Republic Indonesia (BPK RI) of Southeast Sulawesi Province in Fiscal year 2011-2015.

Note :

F.Y : Financial Year

WTP : Unqualified Opinion

WTP DPP : Unqualified Opinion With Explanatory Paragraphs

WDP : Qualified Opinion

TW : Adverse Opinion

TMP : Disclaimer Opinion

According to the Supreme Audit Agency, the problems in the management of some local wealth which is the cause of a local government did not succeed in getting the unqualified opinion. However, of all local government property, the management of fixed assets is considered to have a large contribution because the largest amount in the balance sheet of local government financial statements.

The data of 44% or 8 local government entities receiving the unqualified opinion in Fiscal Year 2015 are local government of Southeast Sulawesi Province, Bombana District, North Kolaka District, Konawe Regency, Buton Regency, Wakatobi Regency, Bau- Bau City and Kendari City. The data that previously received the qualified opinion in Fiscal Year 2014 are Konawe and Bau-Bau Municipalities.

The good management of fixed assets to produce information in the preparation of financial statements in the end can not be separated from the completeness of documents that become the basic / source in the implementation of each cycle of management of Regional Property in accordance with applicable regulations. In this case, The Minister Regulation of the Interior No.17 of 2007 on Technical Guidelines of Local-Owned Assets Management. The management of fixed assets consists of planning needs and budgeting; procurement; reception, storage and distribution; use; administration; utilization; security and maintenance; assessment; deletion; alienation; coaching, supervision and control; financing; and demands for compensation. In relation to the data, the researcher is interested in taking the title "The Efforts to Improve the Opinion of Local Governments in Management of Fixed Assets in the Province of Southeast Sulawesi".

Based on the background or previously described above, the main problems that can be formulated in this research are as follows: 1. How is the effort management of local government fixed assets in order to get unqualified opinion in accordance with the Minister of Home Affairs

Regulation no. 17 of 2007 on Technical Guidelines of Local-Owned Assets Management? 2. How to apply fixed assets accounting in order to obtain unqualified opinion in accordance with Government Regulation no. 71 of 2010 based on the Government Accounting Standards?

II. LITERATURE REVIEW

1. Fixed Assets Management

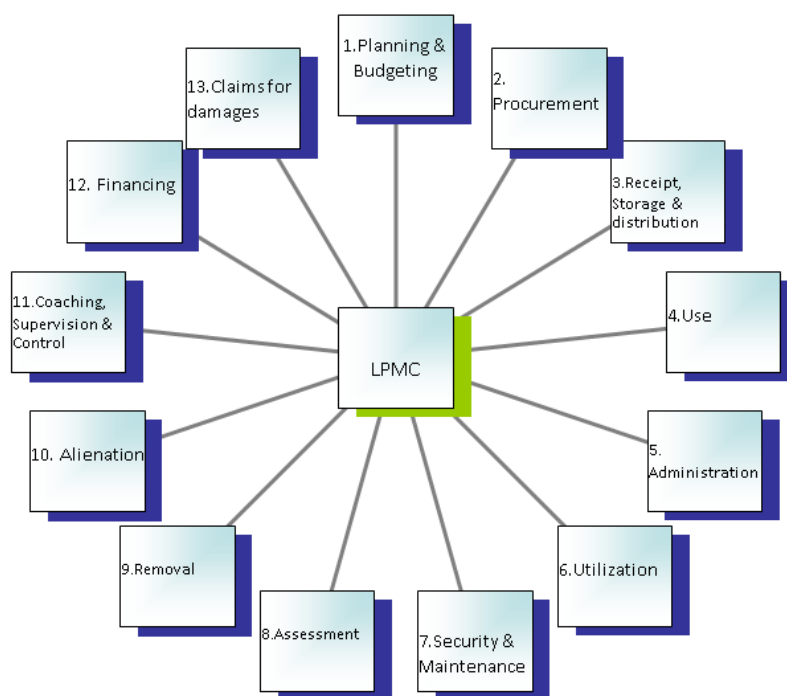
The terminology of "fixed assets" in local government can be referred to the terminology of "local-owned assets" or "local property", which it means that those assets have possession legally by government. Fixed assets are tangible assets that have a useful life of more than twelve months for use in government activities or utilized by the general public (Government Accounting Standard, Statement No. 1, Appendix 1.02 PSAP 01-14), that can be divided into fund fixed assets, general fixed assets, and infrastructure (Marquette, et al., 1988). GASB 34 also defined fixed assets as capital assets that are used in operations and that have initial useful lives extending beyond a single reporting period (Robbins & Baldwin, 2002).

Fixed Assets have a big portion in assets structure comprehensively. The significant value of fixed assets in the statement of financial position indicates the importance of managing the asset. Also age of infrastructure, increasing public expectations, decreasing budgets and the changing and more complex operating environment are several factors considerable for managing assets (Mahmood, et al., 2014). The Institute of Asset Management defines asset management as "...the systematic and coordinated activities and practises through which an organisation optimally manages its physical assets, and their associated performance, risks, and expenditure over their lifecycle for the purpose of achieving its organisational strategic plan (Lovrinčević & Katičić, 2012).

Similarly, Jim (2007) defined asset management as "a continuous process-improvement strategy for improving the availability, safety, reliability and longevity of assets; that is systems,

facilities, equipment and processes (Hanis, et al., 2011). These two definitions are more emphasized on a series of coordinated activities at each stage of asset management. In the local government environment, the management of local assets is not only aimed at improving public services but also to improve efficiency and effectiveness.

Local government asset management in Indonesia refers to Regulation of the Minister of Home Affairs No.17 of 2007 on Technical Guidelines of Local-Owned Assets Management. At least, there are thirteen stages of Local Property Management Cycle (LPMC) included in that rule (exhibit 1).



Source : Regulation of the Minister of Home Affairs No.17 of 2007

1. Planning needs and budgeting

Planning needs is an activity to formulate the details of the needs of local property to link the procurement of goods that have been past with the current state as a basic in performing action fulfillment of future needs.

2. Procurement

Procurement is an activity to fulfill the needs of regional goods and services.

3. Receipt, storage and distribution

All these processes are not only performed by officials handling the administration of local assets / property, but also they need to involve the executives of technical activities (if there is receipt of assets from private / third parties, and if

authorized by budget users / goods). Subsequently submitted to the treasurer of goods to be stored and recorded. Distribution is an activity to channel / delivery of goods from the warehouse area to the user's work unit.

4. Use

Use is an activity undertaken by the user / authorized user in managing and administering the property of the region in accordance with the main duties and functions of the Local Government Work Unit concerned.

5. Administration

Administration is a series of activities which include bookkeeping, inventory and reporting of regional property in accordance with applicable

provisions. Notes/records shall be made in order to provide certainty of records of any goods purchased or changed circumstances due to mutations or due to destruction, and as a basic in providing information to parties in need in order to implement accountability of management of assets / property of the region in a transparently.

6. Utilization

Utilization is the utilization of regional property that is not used in accordance with the main tasks and functions of the Regional Device Work Unit in the form of rent, borrow use, cooperation utilization, build up and hand over with no change in ownership status.

7. Security and maintenance

Security is the activity of control measures in the management of regional property in the form of physical, administrative and legal action. Maintenance is an activity or action undertaken so that all the goods belonging to the area are always in good condition and ready to be used efficiently and effectively. Every asset purchased needs to be maintained so that existing assets are maintained and their economic life can increase.

8. Assessment

Assessment is a selective process of research activity based on the objective and relevant data / facts by using certain technical methods / to obtain the value of regional property.

9. Removal.

Removal is the act of removing property of a region from the list of goods by issuing a decree from the competent authority to relieve the user and / or the authorized user and / or manager of the administrative and physical responsibility of the goods under his control.

10. Alienation

Alienation is the transfer of ownership of regional property as a follow-up to the deletion by means of sale, exchanged, granted or included as capital of the Regional Government.

11. Guidance, supervision and control

This cycle is necessary so as not to be easily manipulated by asset users because of the many diverse asset and interests carried out by the regional asset / property management officer and the member of auditor.

12. Financing

It is required to budget local assets / property in the framework of purchase or maintenance.

13. Claims for damages.

Any assets lost either by the treasurer or by an officer or employee based on his / her negligence shall be made to the claim of property compensation / property of the area in order to keep the asset well maintained

Fixed Assets management implementation is more complex in the practical issue than the literature in a few previous studies. There are a number of studies have produced several asset management models but there is still little understanding on how to align the decision process in the asset management and to improve its effectiveness (Shah, McMann & Borthwick, 2017). Furthermore, most scientific studies are more focused on the infrastructure asset management as public assets such as roads, rivers, dams, harbors, airports, waterworks, and railroads (Park, Park & Lee, 2016; Shah, McMann & Borthwick, 2017) and private sector management but limited in the local government area.

2. Audit Standard

The American Accounting Association has defined the audit as *"a systematic process of objective obtaining and evaluating the evidence of correspondence between those assertions and established criteria and communicating the results to interested users"* based on the Chapter I Article 1 of Regulation No. 15 of 2004 which regards to the Audit of State Financial Management and Responsibility stating that audit is a process of identifying problems, analyzes and evaluations conducted independently, objectively and professionally based on the audit standards to assess

the truth, accuracy, credibility and reliability of information on the management and financial accountability of the country.

Audit Standard is a benchmark for auditor in performing their audit tasks. The State Audit Standards in Indonesia is stipulated by Supreme Audit Agency Regulation No. 01 of 2007 as mandated by the existing Law. The State Auditing Standards consist of:

- a) Common standards relating to fundamental provisions to ensure the credibility of auditor results.
- b) Standard of implementation and reporting of financial audit.
- c) Standard of Execution and reporting Performance Check.
- d) Standard of auditor with a specific purpose.

3. Audit Report and Audit Opinion

Auditing can support national democratic processes, national development and government good will (David, 2017). Its output can be found in an audit report as a media for auditors to communicate their findings and a opinion on organizational financial statement. Audit reports resulting from accounting information from public institutions are an indispensable information resource that can improve or advance government efforts to public democracy and development (David, 2017).

Based on the Regulation with No. 15 of 2004 which is regarding to Audit of State Financial Management and Responsibility which states that opinion is a professional statement as the auditor's conclusion about the fairness of the information presented in the financial statements based on the criteria (i) conformity with Government Accounting Standards, (ii) adequacy of disclosure, (iii) compliance with laws and regulations, and (iv) the effectiveness of the internal control system.

Regards to the Local Government Financial Statement Checkbook in Law No. 17 of 2003 which is regarding to the State Financial, it is known that opinions can be explained as follows:

1. Unqualified Opinion

Unqualified opinion states that the financial statements are fairly presented in all material respects, financial position, results of operations, and cash flows in accordance to generally accepted accounting principles (Governmental Accounting Standards).

The auditor may add an explanatory paragraph in his or her audit report. Link to these conditions, the auditor may express a modified opinion of the unqualified opinion with the Explanatory Paragraph. The conditions that allow for the addition of explanations are as follows.

- 1) There is no consistency in the implementaion of generally accepted accounting principles an explanatory paragraph is required both for voluntary accounting principles change as well as the occurrence of new accounting problem.
- 2) Uncertainty over the survival of the organization (going concern) although it is not an important issue in the public sector, the issue of the survival of government organizations should also be the consideration of the auditor.
- 3) There is an emphasis on a problem in some specific issues related to the financial statements, although he intends to provide unqualified opinions. Usually additional information describing the matter should be stated in a separate paragraph in the audit report. For example, if the auditor considers that he or she should explain the transaction with another person of great value and an important event occurs after the balance sheet date.
- 4) In relation to reports involving other auditors, the auditor shall transmit an unqualified opinion with an explanatory paragraph when awakening to another auditor (for example Public Accounting Firm) to carry out part of the auditor process. In this case, the reference is usually given in the report, since the auditor is not possible to review the work of other auditors, especially if the proportion of financial statements audited by other auditor of material to the entire financial statements.

- 5) Disclosure of confidential information caused by statutory provisions, if the auditor finds confidential information which is part of the audit findings in the internal audit compliance or compliance review report, the auditor may not disclose such confidential information accompanied by reasons related to the law or consideration of the audit.

2 Qualified Opinion

Qualified opinion states that the financial statements present fairly in all materials, financial position, business results and cash flows of the entity in accordance with generally accepted accounting principles, except for the effects of excluded items. Conditions that cause the auditor to express a qualified opinion are the following misstatements:

- 1) It is due to deviations from accounting principles (misstatements). The auditor, having obtained sufficient proof of audit, concludes that the misstatements occurring either individually or aggregately are material, but not pervasive to the financial statements; or
- 2) It is due to a scope restriction (insufficient evidence). The auditor may not obtain sufficient proof of audit to his base opinion, but the auditor concludes that Possible Effects on the financial statements of undetected misstatements, if any, are material but not pervasive.

3. Adverse Opinion

The condition that causes the auditor to express adverse opinion is that when the auditor, after they have obtained sufficient proof of audit, concludes that deviations from the accounting principles (discovery) found, both individually and in aggregate, are material and pervasive in the financial statements. The pervasive nature (influential in its entirety) can be seen from its complexity, its proportion to the overall financial statements, and the fundamental disclosure requirements.

4. Disclaimer Opinion

The condition that causes the auditor to express disclaimer opinion is that there is an extraordinary scope limitation so that the auditor may have not obtained sufficient evidence as the basic for expressing opinion.

4. Accounting for Fixed Assets

Commonly, accounting is defined as “an information system that measures business activity, processes information into financial statements, and communicates results to decision makers”. Accounting for Fixed Assets is a way and more than that is a series of stages to communicate and reporting fixed assets in financial reports. It should be associated with following aspects (Avellanet, 2005):

- Fixed asset acquisitions;
- Fixed asset disposals;
- Fixed asset inventory
- Safeguarding fixed assets;
- Maintenance of fixed assets.

Vermeer, Patton & Styles (2011) studied about reporting of general infrastructure assets under GASB Statement No. 34. Their studies reported that enhancing the reporting transparency for infrastructure assets can significantly increase the usefulness of these disclosures. Refers to the GASB Statement No. 34 notes that “infrastructure assets are long-lived capital assets that normally are statutory in nature and normally can be preserved for a significantly greater number of years than most capital assets.” Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lightning systems.

Based on Indonesian Government Accounting Standards No. 71 Year 2010 explains that fixed assets is tangible assets that have a useful life of over 12 (twelve) months to be used, or intended to be used, in government activities or utilized by the general public. These assets include land, equipment and machinery, buildings and

buildings, roads, irrigation, and networks, other fixed assets, and construction in progress.

III. RESEARCH METHOD

The object of this study is the analysis of the management of local government fixed assets in accordance with the effort to achieve unqualified opinion in Southeast Sulawesi Province in Fiscal Year 2015. Qualitative and quantitative data are used to analyse the data. The sources data is the primary and secondary data.

In this research, sample of source data chosen by purposive sampling and is snowball sampling (non probability sampling). Purposive sampling is a technique of sampling sources data with certain considerations. This particular consideration, for example, is the person who is deemed to know best about what we expect, or maybe he is the master so that it will make it easier for the researcher to explore the object / social situation under study. Examples of this research are the Secretary of Regions / Mayors, Head of District / Mayor's Secretary, Head of Financial Management and Regional Assets Agency, Head of Assets, Head of Accounting Division. While snowball sampling is a technique of sampling for the source data which starts at the first number of little, long time to be large. This is done because of the small number of data sources that have not been able to provide satisfactory data, and then look for another person who can be used as a source of data.

Data collection techniques used in this research is as follows: Documentation and Interview consists of Structured Interview, Semi structure Interview and Unstructured Interviews.

Data analysis used in this research is qualitative and interpretative descriptive analysis. In this study, data analysis is carried out with the following stages: the first stage by identifying the data obtained in the field, either by interview or documentation. The second stage is to classify the incoming data, and then adjusted to the problems and research objectives. The third stage is to do interpretative against the factors that affect.

IV. Research Results and Discussion

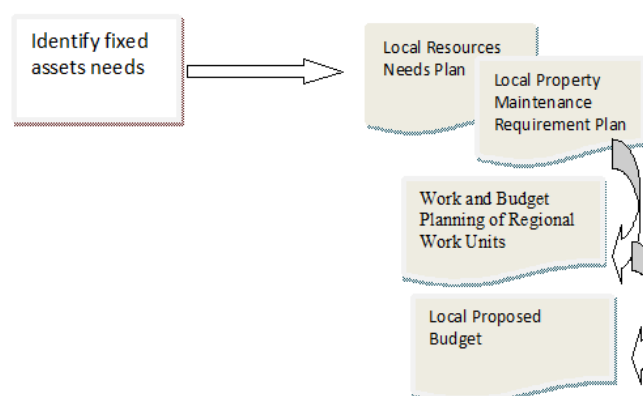
4.1. Research result

1. Effort of Government Asset Management in the province of Southeast Sulawesi

a. Planning and Budgeting

Planning needs of local property and maintenance of local property is an important step in the management of local-owned assets. The Document of Local Resource Needs Plan and Local Property Maintenance Requirement Plan become the basis for the preparation of Work and Budget Planning of Regional Work Units and as material for drafting the Local Proposed Budget (Exhibit 2). In the framework of Work and Budget Planning of Regional, each Regional Work Units must develop a needs plan. Then the Assistant Goods Manager compiles the Goods Needs Plan from each Regional Work Units and submitted to the head of the region to be determined to be the Regional Owned Needs Plan and the Regional Property Maintenance Needs Plan.

Exhibit 2: Planning and Budgeting Flowchart in Regional Work Units



Some areas in the province of Southeast Sulawesi in management of finance do not compile List of Regional Property and Report of Regional Property; All units of the regional member do not prepare reports on semi-annual and annual goods; Realization of goods expenditure and maintenance of goods is not based on the planned needs of goods

and maintenance of property owned by the region. This is because there is no technical rule made by the local government related to the needs of local property plans. Indeed, the efforts of local government in this case the Head of Asset Division at the Regional Financial Management Agency of Asset and Area has made 2 drafts of Local Government Regulation of City/ Regency regarding assets, namely:

1. Draft Regulation on Procedure of Demand Determination of Needs and Budgeting of Owned Goods Bau- Bau City Area,
2. Draft of City / Regency Government Regulation on Procedures for Implementation of Maintenance of Regional Property.

b. Administration

Based on the implementation of the administration of the local government fixed assets, they are not all goods purchased by the local government that can be categorized as fixed assets even though they are capital expenditures. So, the local government is able to sort out extracontable goods, other assets and fixed assets.

Some Grant Assets from local government in the form of land and buildings, official vehicles and office and household appliances to the government are not counted by the local government when obtaining a reasonable opinion with exceptions.

c. Assessment

Bau- Bau City Government reports for Fiscal Year in 2013, fixed assets valued at Rp. 1.00 (One Rupiah). The Fixed Asset is on average an old acquisition asset who is supporting documents such as a purchase note and construction building that they are not longer exist.

On the issue, in 2014 the Municipal Government of Bau- Bau has established an assessment team from the Bau- Bau City Government's equipment section and from the State Office of Auction and Wealth Service Kendari through Mayor's Decree No. 179.a in 2013 which is on September 9th, 2013 on the

Assessment team of Goods Municipal Government Owned Inventory of Bau- Bau City. The team has undertaken an inventory and reassessment of 3,288 assets primarily of machinery equipment assets, so there are still 25,497 fixed asset types still worth one rupiah in 2013 until 2014.

4.2. Discussion

1. Fixed Asset Management Effort

The Management of Fixed Assets is basically done to produce reliable information in Local Government financial reporting and is inseparable from Government Accounting Standards, in an effort to improve efficiency, effectiveness, and added value in the management of fixed assets. Management of Fixed Assets is managed by the Regional Government that has been regulated by the Central Government in the most commonly used regulations such as Government Regulation No.6 of 2006 on State / Local Property Management along with its technical guidance in the Minister of Home Affairs Regulation no. 17 of 2007 and the latest revision of Government Regulation No.6 of 2006 namely Government regulation No.27 of 2014 on the Management of State / Regional Property with The Minister Regulation of The Interior No. 19 of 2016 on Technical Guidelines Management of State / Regional Property.

The existing regulations of the Central Government are also supported by the Regional Government by drawing up technical guidelines for the management of fixed assets / regional property that are formalized for the direction of the management of fixed assets carried out by the Managers, Assistant Asset Managers and Local Government Work Units this is in the regency / municipality of Southeast Sulawesi Province to be even better.

Various problems in the management of Regional Property to the Local Government continue to make improvement efforts so that some districts managed to get unqualified opinion. The improvement efforts include 1) administration which is a series of activities covering bookkeeping,

inventory and reporting of regional property in accordance with the prevailing provisions, 2) planning and budgeting activities that formulate the details of the needs and budget of the Regional Property to connect the procurement of goods which has been past with the ongoing circumstances as a foundation in fulfilling the needs of the future, 3) an assessment which is a selective process of research activity based on objective and relevant data / facts by using certain technical methods / to obtain the value of the Goods Area.

2. Efforts to apply Fixed Asset Accounting

The Regency / Municipal Government applies the first accrual basis accounting in fiscal year 2015 as the implementation of Government Regulation No. 71 of 2010 on Government Accounting Standards on an accrual basis. The Regional Government of Southeast Sulawesi Province has implemented the accrual basis of fixed asset management. The actual base is the basis of accounting that recognizes transactions and other events at the time transactions and events occur (and not only when cash or cash equivalents are received or paid). Therefore, transactions and events are recorded or noted in the accounting records and recognized in the financial statements in the period in which they are incurred.

The Government Accounting Statement No. 07 states that Property is a tangible asset that has a useful life of more than 12 (twelve) months for use in local government activities or utilized by the general society. Fixed assets in the Regional Government of the Regency / City in Southeast Sulawesi Province are classified based on their similarity in nature or function in operating activities, namely (1) land: covering land used as office buildings and official houses; (2) equipment and machinery: includes auxiliaries, motor vehicles, office equipment, household appliances, computer equipment, desks and work chairs / workshops, studio tools, medical devices and other equipment; (3) houses and buildings: includes workplace buildings and dwellings; (4) roads, irrigation, and

networks: includes the installation of drinking water / clean water and electrical networks. (5) Other fixed assets and (6) construction in progress. This has been in accordance with the prevailing government regulation namely Government Regulation no. 71 of 2010 Statement of Government Accounting Standards (PSAP) 07 concerning fixed assets accounting.

Fixed assets in the Regional Government of the Regency / City of Southeast Sulawesi Province are recognized as fixed assets if the assets have a useful period of more than 12 (twelve) months, the cost can be measured reliably, not for sale and earned for use. Property, plant and equipment must be accompanied by an acceptance report as a token of ownership / control of fixed assets to support the reliability of fixed asset recognition.

Fixed assets at the Regional Government of the Regency / City of Southeast Sulawesi are assessed at cost, if the valuation of fixed assets using cost is not possible then the value of property, plant and equipment is based on fair value at acquisition date. The cost of fixed assets in the district and municipality consists of the total cost incurred for the acquisition of property, plant and equipment until such time as equipment and machinery acquisition costs consist of purchase price, taxes and other costs until they are ready for their intended use.

Depreciation is the systematic allocation of the depreciable amount of a fixed asset over its useful period. Depreciation method used by District Government and City is Straight Line Method. This method is the method of depreciation where the amount of depreciation is always the same from each accounting period over the economic life of the fixed asset concerned.

Expenditures for repairs of a fixed asset that exceed the minimum capitalization standard of the Local Government have been applied automatically because it has implemented Regional Management Information System of Regional Property in the input and classification of its fixed assets. The minimum standard of capitalization refers to the

policy of value of minimum unit of capitalization of Regional Government this has been in accordance with the prevailing government regulation namely Government Regulation no. 71 of 2010 in Statement of Government Accounting Standards No. 07 which is concerning to accounting for fixed assets.

3. Document Source of Management of Fixed Assets

The result of the research shows that the effort to improve the document of the fixed asset management source of Regency and Municipality Government in Southeast Sulawesi Province in achieving unqualified opinion is to implement the mechanism for the removal of property and equipment that relates to the laws and regulations. The Regional Government of Konawe Regency has received Unqualified Opinion in Fiscal Year 2015 but it has not implemented yet 13 cycles of fixed asset management and it has not run yet the procedures that should be done, but there are non-compliance in performing the procedures such as not making the List of Local Property Needs, List of Requirements for Maintenance of Regional Property, Goods Delivery Order, User Goods List and User Power List, List of Goods Maintenance, and Audit Result on Guidance, Control and Supervision.

Efforts to improve the document of the source of the management of fixed assets in achieving Unqualified opinion is to make List of Regional Property, Report of Goods term and Annual and Report of Regional Property. Bau- Bau Municipal Government has received Unqualified Opinion in Fiscal Year 2015 but it has not implemented yet 13 cycles of fixed asset management and it has not run with the procedures that should be done, but there are non-compliance in carrying out procedures such as not making Regional Needs Plan, Local Ownership Needs Plan, List of Local Property Requirements, List of Needs of Maintenance of Regional Property, List of User Goods and User Owner List, List of Maintenance Result of Owned Goods Region, and Decree of the Head of Region on Budgeting.

V. CONCLUSIONS AND SUGGESTIONS

Based on qualitative and interpretative descriptive analysis of the management of fixed assets in an effort to achieve audit report to Unqualified opinion at the Regional Government of Regency and City in Southeast Sulawesi Province are as follows:

- 1) Carry out remedial efforts of several problematic fixed asset management cycles 1) planning and budgeting. 2) Administration and 3) reevaluation of fixed assets.
- 2) The implementation of full fixed asset accounting pursuant to Government Regulation No. 71 of 2010 which is regarding to the Government Accounting Standard.

Link to the conclusion, the researcher gives suggestion to Regency and City Government in Southeast Sulawesi Province is as follows:

1. Local Government never stop to effort improving on the management of fixed assets that are not orderly which is the findings of the Supreme Audit Board of the Republic of Indonesia.
2. Local Government continues to implement the accounting of fixed assets based on Government Accounting Standard No. 07 of 2010 with Regional Management Information system Of Regional Property application system.
3. The Regency and Municipal Governments are expected to complete all documents of the source of the management of fixed assets thereby creating an orderly management of premises and equipment.
4. The next researcher is expected to further research the relevant objects in this study at the local government's Opinion Unqualified Opinion.

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