

The Implementation of Supervision Regional Financial and Asset Management Perspective Justice of Pancasila

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Abstract

Pancasila, as the foundational philosophy of the Indonesian State, encapsulates the fundamental values of justice that should serve as the guiding principle across all facets of national and state affairs, including the management, utilization, and oversight of regional finances and assets in an equitable, transparent, and accountable manner. The research methodology employed in this study is a normative juridical approach with a qualitative perspective bolstered by a thorough examination of relevant literature. The findings of the research underscore the imperative for all actions and policies pertaining to regional finances and assets to embody the principles of justice, transparency, accountability, and social welfare in accordance with the tenets of Pancasila. Nevertheless, the practical application of these principles is confronted by a range of challenges, such as a dearth of comprehension among Regional Government officials regarding the ethos of Pancasila and the presence of technical and administrative barriers hindering effective implementation. To address these challenges, it is vital to promote and enhance community engagement in monitoring the management of regional finances and assets. This can be achieved through the optimization of public education, fostering information transparency, fostering community participation in decision-making processes, and establishing easily accessible reporting mechanisms. These measures will not only enhance accountability in management practices but also ensure alignment with the overarching public interest.

I. Introduction

The implementation of national development by President Joko Widodo is established through Presidential Regulation No. 18 of 2020 concerning the National Medium-Term Development Plan (RPJMN) for 2020-2024, carrying the vision "Realization of an Advanced Indonesia that is Sovereign, Independent, and with Character Based on Mutual Cooperation".¹ This vision is translated into nine strategic missions known as "Nawacita II", designed to address various challenges and take advantage of every development opportunity in various sectors, including regional development.

Indonesia, as the Unitary State of the Republic of Indonesia (NKRI), is divided into provincial regions and provinces divided into regencies/cities, having local governments regulated by law.² Local governments exercise the broadest autonomy except for governmental affairs determined to be the central government's responsibility. This is stated in Article 18 paragraphs (1) and (2) of the 1945 Constitution of the Republic of Indonesia (UUD 1945).³

The granting of regional autonomy to local governments is expected to enable regions to manage their own governmental affairs based on the principles of autonomy and co-administration tasks. The purpose of granting broad autonomy is to accelerate the achievement of a prosperous society and enhance regional competitiveness within the NKRI system.⁴ Therefore, local governments have the authority to regulate various fields of life in their regions, such as social, cultural, health, education, economic, and others.

Besides ensuring that central and local government affairs run efficiently and effectively, it also requires supporting facilities or infrastructure so that state/regional assets can be managed properly. To support efficient, effective, and transparent regional asset management, local governments need to have legal regulations in the form of Regional Regulations. These regulations will serve as

¹ RPJMN, "Perpres No. 18 Tahun 2020," *Rencana Pembangunan Jangka Menengah Nasional 2015-2019* (2020).

² Ade Fartini, "Politik Hukum: Otonomi Daerah Pasca Amandemen UUD 1945 Upaya Menjaga Keseimbangan Antara Prinsip Unity Dan Diversity," *PLEDOI (Jurnal Hukum dan Keadilan)* 1, no. 1 (2022).

³ Arfa'i, "Bentuk Negara, Pengaturan Pemerintahan Daerah.," *Bentuk Negara Republik Indonesia Ditinjau Pengaturan Tentang Pemerintahan Daerah Dalam Peraturan Perundang-Undangan* (2007).

⁴ S Suparto, "Otonomi Daerah Di Indonesia: Pengertian, Konsep, Tujuan, Prinsip Dan Urgensinya," *Jurnal Ilmu Hukum* 1-24 (2014).

the legal basis for regulating the management of every Regional-Owned Asset comprehensively, creating transparency, and ensuring that every regional asset can be managed optimally.

Regional-Owned Assets are one of the assets owned by the local government in the form of tangible goods. In general, assets are defined:⁵ as things (goods), anything (something), economic value (having economic value), commercial value (having commercial value), and exchange value (having exchange value), where every business entity, agency, or individual has these things. Therefore, to be categorized as an asset, something must have a measurable and recognized value.

State or regional-owned assets managed by the central or local governments, whether movable or immovable, play a strategic role in development and public service.⁶ The existence of these assets is essential to support various government and regional development activities. They are not only a source of economic value but also serve to support government operations, such as office buildings, equipment, and other public infrastructure.

The regulation of Law No. 17 of 2003 on State Finance and Law No. 1 of 2004 on State Treasury has brought significant changes related to state finances and assets.⁷ These two regulations reflect the spirit of reforming the regulation and management of state finances and assets based on the values of good and clean governance.⁸ Principles such as transparency, accountability, participation, and professionalism are expected to increase the efficiency and effectiveness of state asset management, thus providing optimal benefits for society and the state.

State or Regional-Owned Assets include all goods obtained or purchased using APBN/APBD funds or sourced from other legitimate means. Furthermore, Government Regulation No. 27 of 2014 concerning the Management of State/

⁵ Muhammad Kholid Adfi and Saparuddin Siregar, "Sistem Laporan Aset Tetap Dalam Menunjang Akuntabilitas Pengelolaan Barang Milik Negara," *Jurnal Akuntansi AKTIVA* 3, no. 2 (2022).

⁶ Henny Juliani, "Aspek Yuridis Transformasi Hukum Keuangan Publik Ke Keuangan Privat Terhadap Pengelolaan Kekayaan Negara Yang Dipisahkan Pada BUMN," *Administrative Law & Governance Journal* 1, no. 1 (2018).

⁷ Sri Suryanovi, "Kajian Standar Akuntansi Pemerintahan, Keharmonisan Dan Kejelasan Penerapan Basis Kas Menuju Akrua Berdasarkan Perspektif UU Nomor 17 Tahun 2003 Dan UU Nomor 1 Tahun 2004," *JURNAL AKUNTANSI PEMERINTAH* 3, no. 1 (2008).

⁸ Mega Raharja, Ratih Nur Pratiwi, and Abdul Wachid, "Pengelolaan Keuangan Dan Aset Daerah (Studi Pada Badan Pengelolaan Keuangan Dan Aset Daerah , Kabupaten Lamongan)," *Jurnal Administrasi Publik (JAP), Universitas Brawijaya, Malang* 3, no. 1 (2017).

Regional-Owned Assets emphasizes that their management includes administration.⁹ Administration includes a series of activities such as bookkeeping, inventory, and reporting of State/Regional-Owned Assets according to applicable regulations.

Regional wealth, also known as regional assets or Regional-Owned Goods, includes movable and immovable assets.¹⁰ Movable assets include official vehicles, documents, and other goods, while immovable assets include land, buildings, and other properties. Regional wealth plays a crucial role in supporting regional development. To ensure optimal utilization, a clear and structured mechanism for the use of these assets is necessary. The management and regulation of this are the authority and responsibility of the local government, which must be carried out transparently and accountably to achieve public welfare.

Regional wealth is divided into two main categories; owned wealth and separated wealth.¹¹ Owned regional wealth, or known as Regional-Owned Goods, includes all goods purchased or obtained at the expense of the Regional Revenue and Expenditure Budget (APBD) or sourced from other legitimate means, according to Article 1 of Law No. 1 of 2004. On the other hand, the management of separated regional wealth from APBD, also known as separated regional wealth, includes any investment by the local government in business entities, whether state-owned or region-owned enterprises (BUMN/BUMD) or privately owned. The purpose of separated wealth is to develop and manage assets that can generate profits for the region and increase the efficiency and effectiveness of asset management.

Regional-Owned Goods are an integral part of the local government's assets and are used to support the implementation of government duties and functions.¹² The management and utilization of Regional-Owned Goods are carried out by the Regional Financial and Asset Management Agency (BPKAD), which is responsible

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- ⁹ Noviana Hartanto, "Implementasi Pp. No. 27 Tahun 2014 Tentang Pengelolaan Barang Milik Negara/Daerah Dalam Upaya Meningkatkan Efektivitas Pengelolaan Barang Dan Jasa," *Journal of Management Review* 2, no. 3 (2019).
- ¹⁰ Joko Setyoko and Ardjunaidi Ardjunaidi, "Evaluasi Pengelolaan Aset Daerah Kabupaten Bungo," *Jurnal Politik dan Pemerintahan Daerah* 2, no. 2 (2021).
- ¹¹ Muhammad Hadin Muhjad Meidy Yanto Sandi and Akhmad Syauf, "Kekayaan Negara Yang Dipisahkan Dalam Badan Usaha Milik Negara (BUMN) Dalam Bentuk Persero," *Notary Law Journal* 2, no. 3 (2023): 181–202.
- ¹² Sri Maulidiah, "Optimalisasi Pengelolaan Aset Sebagai Wujud Reformasi Birokrasi Di Daerah," *Jurnal Pemerintahan, Politik dan Birokrasi* 3, no. 1 (2020).

for ensuring that these assets are used optimally to support the continuity of government work programs that have been set. BPKAD plays an essential role in asset management with transparency and accountability to ensure that regional resources are utilized as best as possible for public welfare.¹³

Moreover, to optimize the management of regional wealth, Regional-Owned Enterprises (BUMD) are established. The establishment or function of BUMD, which constitutes separated regional wealth, is outlined in Government Regulation No. 54 of 2017¹⁴ as a delegation of several provisions in Law No. 23 of 2014. In practice, this regulation is closely related to other regulations regarding the implementation of its duties and functions, such as the Regional Finance Law, the Limited Liability Company Law, and the State Treasury Law.

The management and regulation of regional-owned assets, which so far are considered not fully optimal, have driven the government to issue various regulations as guidelines for local governments. These guidelines include eleven stages summarized into three main steps: 1) proper planning; 2) efficient and effective implementation; and 3) coaching, supervision, and control.¹⁵ However, in practice, there are often budgets allocated for unnecessary items while urgent needs are not budgeted.

The management of regional finances and assets is a crucial aspect of local government administration. Efficiency and transparency in its management significantly determine the quality of public services and community welfare. Therefore, strict supervision is necessary to ensure that the management of regional finances and assets aligns with the principles set forth previously, including the principle of justice reflected in Pancasila.

The Regional Financial and Asset Management Agency plays an essential role in regulating or supervising the use of regional assets. With clear guidelines and strict supervision, it is expected that there will no longer be budget allocations that

¹³ Aisyah, "Pengaruh Good Governance Pada Pengelolaan Aset Tetap Pemerintah Daerah," *Pengaruh Good Governance pada Pengelolaan Aset Tetap Pemerintah Daerah* 2, no. 1 (2021).

¹⁴ Dian Cahyaningrum, "Implikasi Bentuk Hukum Bumd Terhadap Pengelolaan BUMD (The Implication of Regional Owned Enterprises Legal Form to Its Management)," *Negara Hukum: Membangun Hukum untuk Keadilan dan Kesejahteraan* 9, no. 1 (2018).

¹⁵ Abdul Kohar Irwanto Khoirul Syahputra, Yusman Syaukat, "Strategi Peningkatan Pengelolaan Barang Milik Daerah Pada Pemerintah Kabupaten Kepulauan Anambas," *Jurnal Manajemen Pembangunan Daerah* 10, no. 1 (2018): 1–14.

do not align with needs. Additionally, transparency in regional asset management must also be improved to avoid misuse and ensure that all regional assets are used for public interest. Consistent implementation of regulations and effective supervision can enhance the efficiency of regional asset and financial management, ultimately improving overall community welfare.

Pancasila, as the state foundation and the way of life of the Indonesian nation, contains values that serve as guidelines for every aspect of national and state life,¹⁶ including the management of regional finances and assets. The value of Pancasila justice encompasses social justice for all Indonesian people. This means that every government action and policy must be directed toward achieving equitable and fair welfare for all citizens. These principles must also be reflected in the supervision of regional financial and asset management to ensure that all government actions are aligned with the goals of social justice.

Supervision in the management of regional finances and assets requires a comprehensive approach. This supervision not only includes formal mechanisms such as audits and inspections but also involves active community participation. Participation is crucial to ensure that regional financial and asset management is transparent and accountable. With community involvement, supervision will be more effective, as the public can provide input while directly monitoring every policy implementation.

Poorly supervised management of regional finances and assets can lead to serious problems, such as the potential for corruption, inefficiency, and resource misuse. These problems can directly impact the quality of public services provided by local governments, ultimately harming the community. Therefore, effective supervision is essential in preventing detrimental practices. Through strict supervision and active community participation, it is hoped that the management of regional finances and assets will run well, transparently, accountably, and provide optimal benefits for community welfare.

Effective supervision requires clear and measurable regulatory support. In Indonesia, regulations regarding regional financial and asset management are governed by Law No. 23 of 2014 on Local Government and Law No. 17 of 2003 on

¹⁶ Syamsudin Syamsudin, "Pentingnya Pancasila Dalam Kehidupan Berbangsa Dan Bernegara," *Transformasi : Jurnal Studi Agama Islam* 12, no. 2 (2019).

State Finance. However, the implementation of these regulations often faces challenges, especially related to the capacity and integrity of supervisory apparatus and the level of community participation. To achieve optimal supervision, it is necessary to enhance supervisory capacity and encourage greater active community participation in the supervision process.

The values of Pancasila justice must also be the foundation in every supervisory action of regional financial and asset management. The principle of Pancasila justice emphasizes equitable welfare distribution, eliminating discrimination, and protecting community rights. In the context of supervision, this means that every policy and action of management and supervision must be designed to ensure that regional resources are used for the greatest benefit of the entire community fairly and equitably.

Social justice as one of the main values in Pancasila requires transparency and accountability in the management of regional finances and assets.¹⁷ Transparency means that information regarding the management of regional finances and assets must be easily accessible to the public, allowing the community to know the use of every resource. Accountability requires local governments to be responsible for every action taken in such management. This will create a situation where the community can actively participate in the supervision process and provide constructive input.

By implementing strong transparency and accountability, it is hoped that the management of regional finances and assets can run more effectively and efficiently, while also reducing the potential for corruption and misuse of resources. Transparency, accountability, and community participation in supervision are also essential to ensure that every interest is met and provide constructive input in the decision-making process.

Management based on Pancasila justice values will encourage the creation of equitable and fair welfare for all communities. These values emphasize equitable welfare distribution, the elimination of discriminatory practices, and the protection of community rights, which must be reflected in every government

¹⁷ Titut Amalia, "Penguatan Nilai – Nilai Pancasila Tentang Keadilan Sosial Bagi Seluruh Rakyat Indonesia Dalam Peraturan Perundang – Undangan Tentang Perencanaan Pembangunan Sebagai Wujud Adaptif Dalam Sistem Hukum Modern Di Era Global," *Journal of Law Review* 2, no. 2 (2023).

policy and action. Thus, regional resources can be utilized to the fullest extent for public interest fairly and equitably.

However, the implementation of supervision related to regional financial and asset management faces various challenges. One of the main challenges is the lack of capacity and integrity of the supervisory apparatus. Most local governments still face limitations in terms of competent and integrity human resources to carry out effective supervision functions. Additionally, a bureaucratic culture resistant to change and transparency also poses a significant obstacle. The inability of the bureaucracy to adapt to new changes often hinders efforts to improve the quality of supervision.

The low level of community participation in the supervision process also affects the effectiveness of regional financial and asset management. To address these issues, greater efforts are needed to encourage increased awareness and community involvement in supervision. This can be done through public education programs, training, and more inclusive and accessible participation mechanisms. By overcoming these challenges, supervision in the management of regional finances and assets can be enhanced, thereby supporting the creation of more transparent, accountable, and responsive governance to community needs.

Based on the background provided, the following research questions are proposed: how is the implementation of regional financial and asset management perspective justice of Pancasila, and what strategies can increase community participation in the supervision of regional financial and asset management?

2. Research Method

The research methodology used in this paper is normative or doctrinal legal research; that is, normative juridical legal research or normative legal research which essentially involves examining secondary data.¹⁸ The data collection technique used is library research.¹⁹ Through library research, secondary data is collected from studying laws, literature, the thoughts of legal experts, and research results published in journals related to this writing. The library research technique

¹⁸ F Fuad; Aida Dewi; Said Munawar, "The Application of Social Philosophy in The Era of Revolution Industry 4.0 in Indonesia," *Borobudur Law Review* 4, no. 1 (2022): 45–53.

¹⁹ Fuad Fuad, "Socio Legal Research Dalam Ilmu Hukum," *Widya Pranata Hukum : Jurnal Kajian dan Penelitian Hukum* 2, no. 2 (2021).

is explicitly used in secondary data collection to validate findings and strengthen the arguments presented in this research. This approach not only provides a strong theoretical foundation but also ensures that the analysis conducted is in accordance with applicable legal frameworks and relevant to the research context.

This research specifically adopts a legal research approach focused on an in-depth study of legal substance, consistency of regulations with legal principles, including expert opinions in the field. It also uses a legislative approach, investigating all regulations related to state or regional finances, state/regional assets, local government governance policies, and economic and community welfare improvements in the regions.

The approach used in this research is qualitative, allowing the researcher to examine in-depth the implementation of supervision in regional financial and asset management perspective justice of Pancasila. Qualitative research aims to understand meanings, understand particular contexts, predict unexpected phenomena and effects, and understand each process carried out.

3. Results and Discussion

The Implementation of Regional Financial and Asset Management Perspective Justice of Pancasila

Pancasila, as the foundation of the Indonesian state, is the primary guide that must be reflected in every aspect of legislation and government policy, both at the central and regional levels. One important principle of Pancasila is social justice for all Indonesian people. This principle implies that the value of social justice has broad implications for the formulation of laws and the implementation of public policies. In the context of legislation, this principle guides the drafting of fair and equitable laws, while in practice, it emphasizes the need for policies that reduce social inequality and enhance inclusive welfare for all citizens.

The Indonesian nation is determined to build a welfare state as stated in the Preamble of the 1945 Constitution:²⁰ "to form a government of the State of Indonesia that protects the entire Indonesian nation and all the spilled blood of Indonesia, and to promote public welfare, educate the nation's life, and participate in implementing

²⁰ Said Alkhudri, "Menjadikan Nilai Publik Sebagai Tujuan Dan Indikator Kinerja Kebijakan Publik," <https://ppsdmbukittinggi.kemendagri.go.id/Home/Index.php/Karya-Tulis/Item/100-Nilai-Publik>, 2021.

world order based on independence, eternal peace, and social justice."

To realize the mandate of the 1945 Constitution, the government implements national development encompassing various aspects of life, both physical and non-physical. In the context of government affairs and national development to achieve a just, prosperous, and equitable society in accordance with Pancasila values and the 1945 Constitution, the state organizes NKRI into provinces, regencies, and cities. Each regional level has the authority to regulate and manage its own governmental affairs to improve efficiency and effectiveness in public service delivery.

Regulations such as Law No. 23 of 2014 on Local Government and Law No. 33 of 2004 on Financial Balance between the Central and Regional Governments provide opportunities for regions to develop and grow based on their respective local needs and priorities. These regulations also emphasize the importance of regional responsibility in allocating funds, focusing on efficiency and effectiveness in using funds to improve welfare and services to the community as a whole.

One of the key factors in the economic success of a region is its ability to manage finances and assets efficiently and effectively.²¹ By adhering to proper management principles, good management is expected to strengthen the local government's ability to fund its development through Regional Own-Source Revenue (PAD). Local governments can increase their revenue sources by taking strategic steps such as optimizing assets that have not yet reached their maximum potential and evaluating efficiency in asset management.

Regional assets are vital resources for local governments to support PAD. Therefore, proper asset management is crucial for local governments. In asset management, local governments must consider various aspects such as planning needs and budgeting, procurement processes, receipt, storage and distribution, use, recording, optimization, security, maintenance, valuation, disposal, transfer of ownership, coaching, supervision, control, and financing and compensation claims arrangements. This is necessary so that regional assets can provide maximum contribution to the local government and ensure that the development of these assets can be well integrated and programmed in line with the desired development direction.

²¹ Nelly Lestari et al., "Teori Pembangunan Ekonomi," *REVENUE: Jurnal Manajemen Bisnis Islam* 2, no. 2 (2021).

Regional-Owned Goods include all regional wealth obtained or purchased at the expense of the APBD or sourced from other legitimate means, comprising movable and immovable objects and their parts or specific units that can be measured, counted, valued, or weighed, including animals or plants, except for valuable papers, money, and others.²²

In simple terms, the management of regional wealth/assets is based on three main functions: 1) proper planning; 2) effective and efficient implementation/utilization; and 3) supervision.²³ However, besides these three functions, there is another important aspect related to the optimization of management or utilization of regional wealth. For this reason, it requires a competent policy for the use of the said regional assets.

The policy target for follow-up on regional asset management and utilization strategies includes;²⁴ first, achieving orderly administration related to regional wealth concerning land or building inventories, certification of regional wealth, disposal or sale of regional assets, reporting systems for exchange activities, grants, and ruislag; second, realizing efficiency and effectiveness in regional asset development; third, protection of regional assets; and fourth, availability of valid data and information related to regional wealth.

In reality, there is a close relationship between Pancasila and the 1945 Constitution. All Pancasila principles are translated into the articles of the 1945 Constitution, as stated in Article 23 paragraph (1),²⁵ which explains: "The state budget as a manifestation of state financial management is determined annually by law and is implemented openly and responsibly for the greatest prosperity of the people."

Then the spirit of Pancasila is also embodied in the principle of "Social justice for all Indonesian people," which is one of the main values that must be reflected in all aspects of national and state life, including regional financial and asset management. Regional assets encompassing all regional wealth must be managed

²² Maulidiah, "Optimalisasi Pengelolaan Aset Sebagai Wujud Reformasi Birokrasi Di Daerah."

²³ Jhoni Marbeta, "Pengelolaan Barang Milik Daerah Dalam Meningkatkan Pelayanan Publik," *Www.Rri.Co.Id*, last modified 2023, <https://www.rri.co.id/keuangan/268239/pengelolaan-barang-milik-daerah-dalam-meningkatkan-pelayanan-publik>.

²⁴ Ibid.

²⁵ Arifin P. Soeriaatmadja, "Beberapa Pendekatan Kritis Analitis Terhadap Bab VII Hal Keuangan Pasal 23 UUD 1945," *Jurnal Hukum & Pembangunan* 24, no. 5 (2017).

efficiently and effectively to support equitable community welfare in accordance with the principles of justice as enshrined in Pancasila.

The management of regional finances and assets plays a crucial role in supporting PAD and financing regional development. Aspects such as planning, procurement, use, maintenance, and disposal of regional assets must be guided by principles of justice to ensure equitable distribution of benefits to the entire community. The regulation of regional asset management in Law No. 1 of 2014 on State Treasury emphasizes the importance of responsible and transparent management principles. This aligns and is consistent with the values of Pancasila justice, which mandate that the use of every resource owned by the state or region is for the common interest in a fair and efficient manner.

The optimization of regional asset management²⁶ must also consider principles of justice in ensuring that every asset management action results in maximum benefits for the entire community without discrimination, and considers the needs of every social group. Thus, the implementation of regional financial and asset management that refers to the values of Pancasila justice not only meets local economic objectives but also reflects a commitment to realizing social justice as one of the key pillars of the nation and state.

The management of regional finances and assets from the perspective of Pancasila justice plays an essential role in the context of development and equitable welfare distribution in Indonesia. Pancasila, as the state foundation, mandates social justice for all Indonesian people, which is reflected in the management of state resources, including regional finances and assets, for the common interest in a fair and equitable manner.

The context of regional financial and asset management is carried out in compliance with the principles of justice, including transparency, accountability, and efficient use. These principles are integrated into various laws and regulations governing state financial administration. In applying Pancasila justice, regional asset management is not only about operational or financial efficiency but also about providing equitable benefits to the entire community.

²⁶ Evi Noviawati, "Optimalisasi Pengelolaan Aset Daerah Terhadap Penyelenggaraan Otonomi Daerah," *Jurnal Ilmiah Galuh Justisi* 4, no. 1 (2016).

By implementing policies for regional financial and asset management in line with Pancasila values,²⁷ the government can improve the effectiveness of state resource use, especially to advance sustainable and equitable development throughout Indonesia. This will also contribute to achieving sustainable development goals oriented towards social justice and the common welfare for all citizens.

Strategies to Increase Community Participation in the Supervision of Regional Financial and Asset Management

Research on the role of the community as an actor in a development or government administration process has been highlighted since the emergence of the Triple Helix design.²⁸ This model emphasizes the importance of coordination or cooperation between three main entities, namely industry, universities, and government. Subsequently, this concept evolved into the Quadruple Helix by adding civil society as an important actor.²⁹ Civil society plays a role in participation, coordination, and effective interaction with the government, universities, and industry to achieve more inclusive and comprehensive development goals.

In this regard, the fundamental answers regarding community participation considered important by Conyers,³⁰ are first, because the community becomes the primary source of information related to needs and conditions faced. Second, the community is more confident in development activities if they are directly involved because they better understand the ins and outs of these activities and have a sense of ownership. Third, encouraging participation will foster an assumption that it is a democratic right for the community to be involved in development.

Referring to this, the government actually already has policies through Law No. 23 of 2014 on Local Government, which in one of its considerations emphasizes the importance of community participation to accelerate the achievement of community welfare, particularly in development and welfare improvement. This includes community involvement in the supervision of regional financial and asset

²⁷ Hesti Armiwulan et al., "Kajian Pancasila Dalam Peraturan Gubernur Jawa Timur Tentang Pedoman Umum Pengelolaan Dana Bergulir Provinsi Jawa Timur," *Pancasila: Jurnal Keindonesiaan* (2021).

²⁸ Suparno, "Cooperatives in the Indonesian Constitution and the Role in Empowering Members: A Case Study," *Journal of Legal, Ethical and Regulatory Issues* 22, no. 3 (2019).

²⁹ Oscar Afonso, Sara Monteiro, and Maria Thompson, "A Growth Model for the Quadruple Helix," *Journal of Business Economics and Management* 13, no. 5 (2012).

³⁰ Murni Rahayu Purwaningsih, "Pelaksanaan Musrenbang Daerah Dalam Proses Perencanaan Dan Penganggaran Partisipatif," *Jurnal Litbang Sukowati : Media Penelitian dan Pengembangan* 6, no. 1 (2022).

management.

Improving accountability is the primary goal in managing finances and resources in various sectors, including government, business, and non-profit organizations.³¹ Strategies to enhance accountability often encompass several key aspects. First, it is essential to have clear and strict policies and guidelines related to financial management and reporting. Second, building a culture of transparency and strong ethics throughout the organization or institution is crucial. In addition, the use of information technology can play an important role in improving reporting, monitoring, and auditing systems.

Fourth, continuous training and education for all parties involved in financial management is key to ensuring a good understanding of applicable practices and regulations. By combining these strategies, organizations and governments can enhance their accountability, which in turn can strengthen public trust and support the achievement of previously set goals.

Given this situation, related to asset management, it can be illustrated that asset inventory activities have not yet improved its management, partly due to the suboptimal classification of goods/items. Efforts to maintain regional assets are not carried out regularly (periodically), and there is a lack of attention from employees towards regional assets used daily. The disposal of regional assets as an effort to improve effective management is still lacking.

The lack of optimization in data collection of goods by each Regional Work Unit (SKPD) raises several problems in regional asset management. The supervision of regional assets has not yet provided significant contributions to efforts to improve effective management because field supervision is not fully carried out routinely and directly. This allows for deviations that can result in the loss of regional assets. Additionally, there are other cases such as damaged goods, both minor and severe, and the purchase of goods that are not recorded.

To understand and describe the management of Regional-Owned Goods that have not been well implemented, it is necessary to look at various aspects such as planning needs, budgeting, procurement, receipt, distribution, use, administration, security, maintenance, utilization, valuation, and disposal of Regional-Owned

³¹ Ikhwan Jamil Pulungan, "Apa Itu Risiko, Kenapa Harus Dikelola," *Kementerian Keuangan RI*.

Goods. These aspects often do not align with needs, causing inefficiency and waste.

Through asset needs planning, local governments can avoid owning goods that do not meet needs, thereby maintaining the quality of services provided to the community. Another reason is that maintenance and security of assets must be a consideration for local governments. By implementing maintenance and security, local governments can maintain ownership and gain economic benefits from these assets as part of efforts to provide services to the community.

Furthermore, another crucial factor in regional asset management is the use of asset data information systems.³² Through adequate information systems, local governments will be able to obtain data related to assets more easily and quickly when needed. Through asset data information systems, local governments will also be able to compile better reports. Thus, valid information will be available for every party using the information in their financial reports.

A local government leader provides guidance on strategies or policies regarding the implementation of regional asset management. Through appropriate asset management strategies or policies, the region can maximize the benefits of these assets. Although policies related to systems or procedures have been widely issued to anticipate the misuse of state/regional assets, they are still deemed insufficient. State/regional assets are the most important sector related to state/regional financial management.

The main policy related to state asset management is outlined in Government Regulation No. 6 of 2006 on the Management of State/Regional-Owned Goods, and at the regional level, this regulation is further explained through Minister of Home Affairs Regulation No. 17 of 2007 on the Management of Regional Goods.³³ This regulation normatively explains the management of state assets from planning needs to reporting and supervision. The aim of this regulation is to ensure that the series of asset management processes are carried out transparently and openly, with efficiency, accountability, functional, legal certainty, and value certainty principles.

³² Riski Eka Nursafitri and Sari Andayani, "Pengaruh Kompetensi Sumber Daya Manusia, Pemanfaatan Teknologi Informasi, Dan Sistem Pengendalian Intern Pemerintah Terhadap Pengamanan Aset Tetap Daerah," *JURNAL MANEKSI* 10, no. 2 (2022).

³³ Devi Indra Nursasona, "Implementasi Permendagri Nomor 17 Tahun 2007 Dalam Rangka Efisiensi Penatausahaan Barang Milik Daerah," *Journal of Management Review* 2, no. 1 (2018).

The vision for state asset management in the future is "the best state asset management in the world."³⁴ This is not only a technical administrative matter but also involves other considerations like those of an asset manager who can accurately and precisely formulate the needs for state-owned goods nationally and increase the benefits and value of these assets.

Realizing this vision is challenging and requires hard work from all parties, considering the complexity of current state asset management issues. Therefore, asset management must be carried out by professional, reliable human resources who understand the regulations. The current reorganization of state-owned goods in ministries-agencies provides an opportunity to inventory and restructure state assets that have not been well managed, ensuring their use and utilization is appropriate and provides the greatest benefits to the state in supporting public services.

The functions of supervision and control of regional assets are essentially available within the main tasks and functions of Regional Work Units. To ensure efficient and effective management of Regional-Owned Goods, the existence of guidance, supervision, and control functions is essential to ensure orderly administration related to the management of Regional-Owned Goods. Minister of Home Affairs Regulation No. 17 of 2007 on Technical Guidelines for the Management of Regional-Owned Goods provides instructions that control is an effort or activity to guarantee and direct that the work carried out aligns with the established plan. Meanwhile, supervision is an effort or activity to know and assess the reality of task and/or activity implementation based on regulations.

The implementation of regional development encompasses four stages:³⁵ planning, budgeting, implementation, monitoring, and evaluation. In this overall process, Government Regulation No. 45 of 2017 has emphasized that local governments should encourage maximum community participation. This is seen as playing a role in creating co-creation development, a development carried out with joint ideas, resources, objectives, and activities.

³⁴ Rustanto Nanang, Connie Susilawati, and Martin Skitmore, "Toward a Public Sector Asset Optimization Strategy: The Case of Indonesia," *Construction Innovation* 23, no. 5 (2023).

³⁵ Bakri Yusuf and Harnina Ridwan, "Manajemen Komunikasi Dalam Pengelolaan Informasi Pembangunan Daerah," *Jurnal Komunikasi Hasil Pemikiran dan Penelitian* 4, no. 1 (2018).

There are many forms of community participation in the regional development process. In development planning, the community can participate by expressing aspirations through public consultations, discussions, or deliberations during the initial drafting stage or at the Musrenbang. During the budgeting stage, aspirations can also be conveyed through public consultations, discussions, and deliberations to ensure the alignment between the Local Government Work Plan (RKPD) and the General Policy of the Temporary Budget Priority and Ceiling (KUA/PPAS).³⁶

Next, in the implementation stage, the community is involved as partners by providing grants to the local government in the form of money, goods, and/or services. Finally, in the supervision and evaluation stage, the community can ensure the alignment between the types of activities, volume and quality of work, implementation time, and completion of activities, and the specifications or quality of work results with the established regional development plan (Article 14 paragraph (1) of Government Regulation No. 45 of 2017).

Community involvement is needed as an independent supervisor to ensure that regional assets and resources are managed properly, which means that transparency can be realized because the management and supervision are carried out by parties involved or directly affected. Thus, the management of assets and resources is carried out by the local community by empowering all human resources in the region. Through community participation, it is hoped that future asset and resource management can minimize violations that do not comply with regulations or intended uses.

Local governments can ensure community participation in the management of assets and resources, including their use, utilization, security, and maintenance, as stated in Article 15 paragraph (1) of Government Regulation No. 45 of 2017. Community involvement in their use and security is realized through supervision of the administration of Regional-Owned Goods. Participation related to their utilization can be done through leasing, utilization cooperation, or infrastructure provision cooperation that has a positive impact on the community. Meanwhile, participation in maintenance can be done through maintenance cooperation as

³⁶ Mulyati Rahmatunnisa and Sultan Naufal Fairiza, "Politik Anggaran: Kepentingan Dan Relasi Eksekutif Dan Legislatif Kabupaten Bandung Barat Dalam Penyusunan Apbd 2023," *PRAJA: Jurnal Ilmiah Pemerintahan* 11, no. 1 (2023).

regulated by law.

Efforts to increase community involvement in the supervision of regional financial and asset management are essential to achieving transparency and accountability in local government. Consistent with the provisions of Law No. 23 of 2014 on Local Government, which encourages active community involvement in the decision-making and supervision process of public financial management.³⁷

Several actions can be taken, including; First, local governments need to adopt an inclusive educational approach by providing clear and easily accessible information about the budget and regional financial management. This can be done, for example, through mass counseling, workshops, or social media to increase public understanding of the importance of supervising regional finances for local development.

Second, regular public dialogue forums are held to provide opportunities for citizens to express their opinions and input on policies and decisions in regional financial management. Local governments can facilitate these forums by providing a participatory platform that allows for the exchange of ideas or information between the government and the community.

Third, the implementation of information technology in enhancing transparency. By utilizing digital platforms and mobile applications, the community can access various information about regional finances in real-time. This step not only increases information openness but also strengthens local government accountability in managing finances efficiently and transparently.

Fourth, the role of the Audit Board (BPK) and regional financial supervision institutions must be strengthened to ensure that audits are conducted independently and the results can be accessed by the public. These steps together will form a strong foundation for active community participation in the supervision of regional finances and assets, which in turn will increase the integrity of local government and strengthen public trust in responsible and transparent financial management.

³⁷ Tiyas Asri Putri and Tundjung Herning Sitabuana, "Pengawasan Pengelolaan Keuangan Negara Terhadap Badan Usaha Milik Negara (BUMN)," *SIBATIK JOURNAL: Jurnal Ilmiah Bidang Sosial, Ekonomi, Budaya, Teknologi, dan Pendidikan* 1, no. 7 (2022).

4. Conclusion

The management of regional finances and assets must be carried out based on the principles of justice contained in Pancasila. This principle includes social justice and regional autonomy in managing all existing resources for the greatest welfare of the community. These provisions are in line with the regulations in the 1945 Constitution, Law No. 23 of 2014 on Local Government, Law No. 17 of 2003 on State Finance, Law No. 1 of 2004 on State Treasury, Government Regulation No. 45 of 2017 on Technical Guidelines for the Management of Regional-Owned Goods, and Government Regulation No. 58 of 2005 on Regional Financial Management.

From the perspective of Pancasila justice, regional financial and asset management must create inclusive policies, oriented towards equitable welfare distribution, and avoid discrimination. Local governments must be transparent and involve public participation in decision-making, ensuring that all layers of society benefit from these policies. Good and fair management will create public welfare in line with the noble values of Pancasila.

Encouraging community participation in the supervision of regional financial and asset management is an important strategy to achieve transparency, accountability, and efficiency in local government administration. Through such participation, citizens can be actively involved in the supervision process, from budget planning to implementation. Therefore, community involvement in this context will prevent potential corruption and abuse of authority. Through community participation in the supervision of regional financial and asset management, it not only benefits a cleaner government but also promotes sustainable development and improves the quality of life of the community.

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