

Management of Historic Assets in the Perspective of Good Corporate Governance

Anisa Tus Saidah¹⁾, Puji Handayati²⁾, Satia Nur Maharani³⁾

^{1,2,3)} Department of Development Economics, Faculty of Economics and Business,
Universitas Negeri Malang, Indonesia

*Corresponding Author

Email: anisaidah@gmail.com¹, puji.handayati@fe.ac.id², satia.nur.fe@um.ac.id³

Abstract

The purpose of this study is to find out whether Historical Asset Management is following the theory of Good Corporate Governance. The researcher chose the research location for historic assets at the Regional XI Cultural Preservation Center, which is located in Trowulan District, Mojokerto Regency. The researcher chose the Cultural Preservation Center for Region XI as the research location because it is an institution that manages historical assets and the Mojokerto district is the number one place that has historical heritage and the largest and widest Majapahit kingdom in Indonesia. This study used a qualitative method with a phenomenological approach and conducted interviews with two informants, namely Mr. S and Mr. H. In terms of the implementation of the management reviewed from the perspective of Good Corporate Governance theory, the principles of this theory have been applied to the performance of BPK XI. In addition, the valuation, disclosure, and reporting of historic assets in BPK XI have been reported as fixed assets in the balance sheet and disclosed in the notes to the financial statements.

Keywords: Assets, History, Preservation Institutions, Phenomenology

INTRODUCTION

Indonesia has a long historical background and has various characteristics in different regions, one of which is historical assets. The existence of historic assets has material and immaterial values, therefore they must be presented in the government's financial reports (Primasatya et al., 2017). Historical assets (Heritage Assets) are defined as assets with historical, scientific, artistic, and technological qualities that are maintained to contribute to science and culture and provide benefits to all people (Accounting Standard Board, 2006).

The legal basis for historic assets is regulated in Law No. 17 of 2003 concerning state finances which explains that all rights and obligations of the state that can be valued in money and everything in the form of money or goods that can be owned by the state are related to the implementation of these rights and obligations (Government, 2003). According to the regulation of the Minister of Finance No. 78 of 2014 regarding the procedures for implementing the utilization of State Property, it explains that the utilization of state property is carried out by taking into account the interests of the state and the public interest (Ministry & Repub, 2015). Costs for maintaining and securing state property as well as implementation costs related to the use of state property are borne by the utilization partner.

Public sector accounting in various countries has changed, including Indonesia, which has adopted accrual accounting as stipulated in Government Regulation No. 71 of 2010 concerning Government Accounting Standards. With the existence of regulations, the types of assets owned by the government must be recognized, assessed, and presented in the form of financial reports. This is to fulfill the principles of Good Corporate Governance theory, namely transparency and accountability (Galuh Anggraini & Chariri, 2014). The theory of Good Corporate Governance is influential in managing historical assets because it has many principles including Transparency, Accountability, Responsibility, Independence, Equality, and Fairness (National Committee on Governance Policy (2006, p.12-14)).

Previous research (Sunanto, 2017) said that historical assets are classified as assets, in this case, the hero monument is recognized as an asset for the government of Musi Banyuasin Regency. The recording has been presented in the balance sheet but has not been disclosed in the notes to the financial statements. It can be concluded that the accounting treatment for historic assets in Musi Banyuasin Regency is following regulation no. 71 of 2010 concerning Government Accounting standards, but has not been disclosed in the Notes to Financial Statements. research by (Darmawan et al., 2017) explains that historic assets can be recognized in the balance sheet obtained in the current period by valuation using acquisition prices, but accounting practices in disclosing heritage assets are not in line with government accounting standards. (Ouda, 2021) stated that among the several types of fixed assets that are still being debated today, historical assets are the most difficult assets because of the special assets and characteristics they have. The problem faced by the government in managing historic assets is how the government must recognize historic assets, how the valuation model is used, and how to disclose historic assets in financial reports (Ikhsan Ridha et al., 2018)

The novelty of this research with previous research is the reporting of historic assets in financial reports and the accounting treatment of historic assets based on PSAP No. 10 of 2010. Meanwhile, this research focuses on historic asset managers from a Good Corporate Governance perspective. Researchers took research on all historical heritage sites that had been registered with the Cultural Preservation Center for Region XI in the Trowulan sub-district, Mojokerto Regency, East Java. Researchers conducted research at the Cultural Preservation Center Region XI in East Java because Mojokerto Regency is the number one largest kingdom in the archipelago which has various kinds of historical heritage sites, and has a strategic place in the middle of the city that can be reached by regencies throughout East Java Province

RESEARCH METHODS

This research method uses a qualitative approach with Husserl's transcendental phenomenology. Husserl's phenomenology interprets an event without interpreting, a particular theory, philosophy, or interest. This researcher raises the phenomenon of historic asset management at the Region XI Cultural Preservation Center in Trowulan District, East Java.

The type of data used in this study is primary data in the form of observations and interviews with financial parties, namely brothers H and brothers S who are in charge of managing historic assets at the Cultural Conservation Center Region XI located in Trowulan District, Mojokerto Regency. The data in this study uses a cross-section where the data obtained is at a certain time. This is because the research data collection activity is only done once through interviews with financial parties.

RESULT AND DISCUSSION

Results

Historical Asset Management based on the theory of Good Corporate Governance

In the process of implementing historic assets at the Cultural Preservation Center for Region XI East Java, the manager is making every effort to become an institution that is good and complies with current regulations. One informant, namely Mr. S, said the following :

“A good institution can apply mutually sustainable principles to one another. Usually known as the CHECK concept where T stands for Transparency, this is abbreviated as BPK XI, right, sis, at BPK XI, BPK XI always applies transparency during the decision-making process, such as

finding historical relics in rice fields/plantations, the officers go directly to the location to ascertain whether the findings These are relics of ancient times or just man-made at that time. If this is true, then the manager has the right to make a report and publish it in newspapers or news so that the public is aware of the findings, sis, more transparent to the public. Accountability is like preparing financial reports correctly and correctly. This responsibility is more about responsibility. great for managing historical heritage sites throughout East Java, not only in Mojokerto, sis. The location is only in Mojokerto but the working area is in East Java. So BPK XI is also responsible for regional coordinators who work in every district in East Java and regional coordinators have the right to report their work once a month to BPK XI. This independence is a situation where BPK XI is managed professionally without any pressure from other parties. Meanwhile, the F is fairness or fairness, in this case there is fairness for all employees in preparing assignments”.

Valuation of Historic Assets

The XI Cultural Preservation Center is tasked with preserving cultural heritage, and historical relics and advancing culture. But on the other hand, the manager is also tasked with processing asset valuation. This assessment is theoretically a determination of the rupiah amount of an element of the financial statements to be presented in the financial statements. Although conceptually many methods can be used in valuing assets, not all assets are easy to value, one of which is historic assets.

There are various types of valuation methods known to value assets, including historical cost and fair value approaches. Both can be used to value an asset, but it will be different if this is applied to value historic assets. Historic assets have special characteristics compared to assets in general. Mr. H said that

” Historical assets cannot be calculated using the cost and alternative approaches to historical cost, right, fair value, what fair value is not easy to determine because we don't know the market value. The market value is not available, so we do it based on what ?”

From the statement above, it can be concluded that Mr. H believes that the historical cost approach is not suitable as an alternative approach to valuing historic assets. The alternative is to make a prediction value (appraisal) of how much economic value can be generated for the surrounding environment. However, this also creates obstacles, especially for historical assets that have no economic value.

Disclosure of Historic Assets

Disclosure of important elements in financial reporting. Through disclosure, entities can convey important information to those who need it. Consequently, disclosure of historic assets also plays an important role in the financial reporting of the managing entity. According to PSAP No. 07 of 2010, historic assets are fixed assets that are owned or controlled by the government, due to their age and condition, these fixed assets must be protected by applicable regulations from all kinds of actions that can damage these fixed assets. Regarding the disclosure in the financial statements, historic assets are disclosed in CaLK only without value. Several historic assets also provide other potential benefits to the government besides their historical value, for example for office space. In such cases, these assets will be subject to the same principles as other fixed assets.

Historic asset reporting

Reporting of historic assets is regulated in IPSAS 17 concerning” Property, Plant, and Equipment (PPE)” paragraphs 7-10. The standard is not requires the entity to recognize a historic asset that meets the definition and recognition criteria of a PPE. If the entity recognizes historic assets, the entity must apply disclosure requirements and measurement requirements.

Constraints on valuation, disclosure, and reporting of Historic Assets

In the process of assessment, disclosure, and reporting, of course, there are obstacles, including according to the informant Mr. H said that

“There are lots of debates about this historic asset, some say it's included in assets or into liabilities. In this assessment, it is also not the same, even though each region has its way of valuing historic assets, yes though there are regulations that regulate but do not rule out the regulation of each BPK it's the same. So that's the problem sis”

From the statement submitted by the informant, it can be concluded that every problem has obstacles in all BPK institutions in Indonesia

Discussion

Implementation of Valuation, Disclosure, and Reporting of Historic Assets

To understand the meaning of this research, first, understand the various results related to the research focus. Sources in the form of research results and interview results submitted by informants will be used as information material related to this research. So that in the discussion of this chapter, it begins by explaining the implementation of the Valuation, Disclosure, and Reporting of Historic Assets as follows:

Valuation of Historic Assets

The valuation model for historic assets in Indonesia today is to use historical cost and fair value. Currently, the valuation technique applied is only for operational heritage assets, because non-operational heritage assets cannot be measured by cost. This is because the right method has not been found to assess non-operational heritage assets and also the large costs and long time (Government Accounting Standard No. 7 of 2010).

According to the informant, Mr. H said

“This institution is still a question mark how to value these historic assets, yes we say innumerable. The problem is that the regulations don't allow historic assets to be valued, we also report them without value, so the value is zero, sis.”

From the statement of the informant above, it can be concluded that in assessing this historic asset, it is rated with the number 0 in the financial statements.

Disclosure of Historic Assets

This is stated in PSAP No. 07 of 2010 paragraphs 64, 68, 69, and 70 which contain the:

1. PSAP no. 07 paragraph 64 explains that the government does not have to present historic assets (heritage assets) on the balance sheet, but these assets must be disclosed in the notes to financial statements.
2. PSAP no.07 paragraph 68 explains that historic assets must be presented in units, with no value.
3. PSAP no. 07 paragraph 69 explains that costs for the acquisition, construction, improvement, and reconstruction must be expensed as expenditure in the year the expenditure occurs. These costs include all costs incurred to bring the historic asset to its current condition and location in the current period. PSAP no. 07 paragraph 70 explains that several historic assets also provide other potential benefits to the government besides their historical value, for example, historic buildings are used for office space. In such cases, these assets will be subject to the same principles as other fixed assets.

Historical Asset Reporting

Seeing the large and varied number of collections, of course, BPK XI requires complete inventory data regarding the entire collection. Not all historical assets in BPK XI are exhibited,

the rest are stored in warehouses. Based on the interview with Mr. H stated that the Reporting of historic objects will be recorded in the register book by the registrar. After that, the historic objects will be sent to the laboratory for inspection by providing information or forming a procurement team that will assess and select the historic assets offered. After the activities in the laboratory or the procurement team have been agreed upon, the object returns to the registration section. When entering the registration section, the historic object turns into a historic asset owned by BPK XI. Furthermore, the historic assets that have been approved are recorded in the administration, and restoration or repair will be carried out if damage occurs or if they are in good condition, they will be cleaned, then the curator will place the historic assets in the showroom or saved first. Recording the value/price of historic assets is usually done at the beginning of this acquisition. According to the informant Mr. H, this initial value record was used by BPK XI to record the economic value of their historic assets. If there is no record of economic value then it is only written with a value of zero.

Implementation of Historical Asset Management in the perspective of Good Corporate Governance

In implementing the management of this historic asset, the BPK XI institution has implemented Good Corporate Governance in its performance. BPK XI is under the auspices of the Ministry of Education, Culture, Research, and Technology. 30 districts are obliged to report their duties to the center including the districts of Bangkalan, Banyuwangi, Blitar, Bondowoso, Bojonegoro, Jombang, Jember, Gresik, Malang, Magetan, Madiun, Lumajang, Lamongan Kediri, Mojokerto, Pamekasan, Pacitan, Ngawi, Nganjuk, Sidoarjo, Sampang, Probolinggo, Ponorogo, Pasuruan, Tulungagung, Tuban, Trenggalek, Surabaya, Sumenep and Situbondo. Of the 30 regencies, each regional coordinator is tasked with reporting once a month to BPK XI by implementing the principles of Good Corporate Governance.

CONCLUSION

From this study, it can be concluded that the researcher chose the research location for historic assets at the Regional XI Cultural Conservation Center, which is located in Trowulan District, Mojokerto Regency. The researcher chose the Cultural Preservation Center Region XI as the research location because it is an institution that manages historical assets and the Mojokerto district is the number one place that has historical heritage and the largest and widest Majapahit kingdom in Indonesia.

This study used a qualitative method with a phenomenological approach and conducted interviews with two informants, namely Mr. S and Mr. H. In terms of the implementation of the management reviewed from the perspective of Good Corporate Governance theory, the principles of this theory have been applied to the performance of BPK XI. This research has limited information, namely, the informants did not provide detailed financial reports because only certain parties could access them, but they were given information through interviews with BPK XI finance

REFERENCES

- Adam, B., Mussari, R., & Jones, R. (2011). the Diversity of Accrual Policies in Local Government Financial Reporting: an Examination of Infrastructure, Art and Heritage Assets in Germany, Italy and the Uk. *Financial Accountability and Management*, 27(2), 107–133. <https://doi.org/10.1111/j.1468-0408.2011.00519.x>

- Aldridge, John. E, dan Siswanto Sutojo. 2008. Good Corporate Governance. Jakarta: PT. Damar Mulia Pustaka
- Agustini, A. T., & Putra, H. S. (2011). Aset Bersejarah Dalam Pelaporan Keuangan Entitas Pemerintah. *Jeam*, X(1), 1–29. <https://jurnal.unej.ac.id/index.php/JEAM/article/view/1205>
- Anessi-Pessina, E., Caruana, J., Sicilia, M., & Steccolini, I. (2020). Heritage: the priceless hostage of accrual accounting. *International Journal of Public Sector Management*, 33(2–3), 285–306. <https://doi.org/10.1108/IJPSM-12-2018-0263>
- ASB - FRS 30. (2009). Frs 30. In *Accounting Standards Board* (Issue June).
- BPK. (2010). *Peraturan Pemerintah Republik Indonesia Nomor 71 Tahun 2010 tentang Standar Akuntansi Pemerintah (SAP)*. <https://doi.org/10.1017/CBO9781107415324.004>
- Creswell, J (2007). *Research Design Qualitative and Mixed Methodh-Approaches*. London : Sage Publication Ltd.
- Darmawan, C. B., Yadnyana, I. K., & Sudana, I. P. (2017). Menguak Perlakuan Akuntansi Aset Bersejarah (Studi Interpretif Pada Museum Semarajaya Klungkung). *E-Jurnal Ekonomi Dan Bisnis Universitas Udayana*, 5, 1785–1816. <https://erepo.unud.ac.id/id/eprint/12152>
- Department of Arts and Culture Presentation. (2017). *Generally Recognised Accounting Practice 103. July*. <https://pmg.org.za/committee-meeting/23937>
- Ellwood, S., & Greenwood, M. (2016). Accounting for heritage assets: Does measuring economic value ‘kill the cat’? *Critical Perspectives on Accounting*, 38, 1–13. <https://doi.org/10.1016/j.cpa.2015.05.009>
- Galuh Anggraini, F., & Chariri, A. (2014). PERLAKUAN AKUNTANSI UNTUK ASET BERSEJARAH (Studi Fenomenologi pada Pengelolaan Candi Borobudur). *Diponegoro Journal of Accounting*, 2(2), 1–13. <http://ejournal-s1.undip.ac.id/index.php/accounting>
- Ikhsan Ridha, S., Basri, H., Studi Akuntansi, P., & Ekonomi dan Bisnis, F. (2018). Halaman 156-166 ol.x, No.x. *Jurnal Ilmiah Mahasiswa Ekonomi Akuntansi (JIMEKA)*, 3(1), 1.
- Indonesia, B. P. K. R. (2022). Ikhtisar Hasil Pemeriksaan Semester (IHPS) I Tahun 2022. Jakarta: BPK-RI
- Islam, P., Nomor, P., Syah, A. A., Rahmawaty, A., & Itmam, M. S. (2022). *Perlakuan Akuntansi Aset Bersejarah di Museum R . A . Kartini Berdasarkan*. 8(03), 2733–2741.
- Komite Nasional Kebijakan Governance (KNKG) (2006). Pedoman Umum GCG Indonesia, Jakarta
- McCusker, K., & Gunaydin, S. (2015). Research using qualitative, quantitative or mixed methods and choice based on the research. *Perfusion (United Kingdom)*, 30(7), 537–542. <https://doi.org/10.1177/0267659114559116>
- Menteri, P., & Repub, K. (2015). *Peraturan Menteri Keuangan Repub Nomor 78/Pmk.06/2014*. 1–19.
- Muhyi, R. A., & Jatmiko Tri Prabowo, W. (2021). SISTEM PENGENDALIAN INTERNAL PENGELOLAAN ASET BERSEJARAH DI KABUPATEN SEMARANG (Studi Kasus Pada Pengelolaan Candi Gedongsongo). *Diponegoro Journal of Accounting*, 10(2), 1–11. <http://ejournals1.undip.ac.id/index.php/accounting>
- Moleong, Lexy.(2000). *Metodelogi Penelitian Kualitatif*. Bandung : PT Remaja Rosdakarya Offset
- Mustofa, I. (2007). Mengawal Prinsip-Prinsip Good Corporate Governance Dengan Penegakan Hukum. *Millah*, 7(1), 181–194. <https://doi.org/10.20885/millah.vol7.iss1.art11>
- Ouda, H. (2021). Towards A Practice-Relevant Holistic Accounting Approach for Governmental Capital Assets: An Alternative Reporting Model for the NPM Practices. *Practice-Relevant Accrual Accounting for the Public Sector*, May, 61–121. https://doi.org/10.1007/978-3-030-51595-9_3
- Pemerintah, konsep tual. (2003). *DHendianto-BiroHukum BPK-RI/5/26/2008 1. 1*, 1–40.

- Primasatya, R. D., Adiya, A. F., Saphira, D. V., & Hedyanto, F. B. (2017). *Analisis Perlakuan Akuntansi pada Aset Bersejarah (Studi Kasus pada Aset Bersejarah di Kabupaten Gresik)* (pp. 1–11).
- Retno, R. D., & Priantinah, D. (2012). Pengaruh Good Corporate Governance Dan Pengungkapan Corporate Social Responsibility Terhadap Nilai Perusahaan (Studi Empiris Pada Perusahaan Yang Terdaftar Di Bursa Efek Indonesia Periode 2007-2010). *Nominal, Barometer Riset Akuntansi Dan Manajemen*, 1(2). <https://doi.org/10.21831/nominal.v1i2.1000>
- Ruslin, Pratiwi, E. T. (2021). PERLAKUAN AKUNTANSI TERHADAP ASET BERSEJARAH (Studi Fenomenologi pada Mesjid Agung Keraton Buton). In *Jurnal Ilmiah Mahasiswa Fakultas Ekonomi UMButon* (Vol. 3). <https://jurnal-umbuton.ac.id>
- Shah, S. Z. A., Butt, S. A., & Hasan, A. (2009). Corporate Governance and Earnings Management an empirical evidence form Pakistani listed companies. *European Journal of Scientific Research*, 26(4), 624–638.
- Sunanto. (2017). Perlakuan Akuntansi Untuk Aset Bersejarah Di Kabupaten Musi Banyuasin. *ACSY Politeknik Sekayu*, VI(I), 22–30.
- This, A., Public, I., Accounting, S., Standard, I. A., Accounting, I., Committee, S., International, T., Standards, A., Committee, P. S., & Federation, I. (2001). *Ipsas 17 — Property , Plant and Equipment*. 16(revised 1998), 421–448.
- Timulak, L., & Elliott, R. (2019). Taking stock of descriptive–interpretative qualitative psychotherapy research: Issues and observations from the front line. *Counselling and Psychotherapy Research*, 19(1), 8–15. <https://doi.org/10.1002/capr.12197>
- Trinanda, DSISidin Mukodim. (2010). Efek Of Aplication Of Corporate Governance On The Financial Performance Of Banking Sector Companies
- Utami, L. R. (2019). Perlakuan Akuntansi Untuk Aset Bersejarah Studi Kasus Pada Candi Sambisari. *Monex : Journal Research Accounting Politeknik Tegal*, 8(1), 94. <https://doi.org/10.30591/monex.v8i1.1077>
- Woon, P. P., Chatterjee, B., & Cordery, C. J. (2019). Heritage reporting by the Australian public sector: Possibilities from the concepts of new public governance. *Accounting, Auditing and Accountability Journal*, 32(2), 612–631. <https://doi.org/10.1108/AAAJ-03-2015-2008>
- Yilmaz, Y., & Gamil, R. El. (2018). The Role of Heritage Impact Assessment in Safeguarding World Heritage Sites: Application Study on Historic Areas of Istanbul and Giza Pyramids. *Journal of Heritage Management*, 3(2), 127–158. <https://doi.org/10.1177/24559296198331982008>