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Local Government Policy in The Procurement of Rental Official Vehicle (ROV) in Keerom District, Papua

Icuk Rangga Bawono^{1*} and Adhitia Pradana²

¹ Faculty of Economics and Business of Jenderal Soedirman University, Purwokerto - Indonesia

² Advocate and Law Consultant

Abstract

The implementation of regional government requires supporting facilities and infrastructure for the smooth implementation. One of them is adequate transportation facilities. Therefore, the local government provides official vehicles for commitment and responsibility in giving attention and concern to duties of the state civil apparatus implementation. This study aims to formulate urgency of leasing operational service vehicles in the Keerom District Government. This study uses normative legal research as research method. The legal material obtained will describe and relate in such a way that it is presented in a more systematic writing to answer problems that have been formulated. Result shows the procurement of official vehicles was chosen through the rental process to minimize expenditure in the context of budget economy, effectiveness, and efficiency. Rental official vehicles in the Keerom Regency Government function as a support for regional government in achieving targets as its responsibility to provide welfare for community.

Keywords: local government; operational service vehicles; rental.

Abstrak

Penyelenggaraan pemerintahan daerah tentunya memerlukan sarana dan prasarana penunjang demi kelancaran pelaksanaannya. Salah satunya adalah sarana transportasi yang memadai. Oleh karena itu, pemerintah daerah menyediakan kendaraan dinas sebagai wujud komitmen dan tanggung jawab dalam memberikan perhatian serta kepedulian terhadap kelancaran pelaksanaan tugas aparatur sipil negara. Tujuan penelitian ini untuk merumuskan urgensi pengadaan kendaraan dinas operasional sewa pada Pemerintah Kabupaten Keerom. Metode penelitian yang digunakan dalam penelitian ini adalah penelitian hukum normatif. Bahan hukum yang diperoleh dalam penelitian diuraikan dan hubungkan sedemikian rupa, sehingga disajikan dalam penulisan yang lebih sistematis guna menjawab permasalahan yang telah dirumuskan. Berdasarkan hasil penelitian, dipilihnya pengadaan kendaraan dinas operasional melalui proses sewa dikarenakan untuk meminimalkan pengeluaran dalam rangka efektivitas dan efisiensi anggaran. Kendaraan dinas operasional sewa pada Pemerintah Kabupaten Keerom berfungsi sebagai penunjang kelancaran proses penyelenggaraan pemerintahan daerah dalam mencapai sasaran yang ditetapkan sebagai bentuk tanggungjawab pemerintah daerah untuk memberikan kesejahteraan bagi kehidupan bermasyarakat.

Kata kunci: kendaraan dinas operasional; pemerintah daerah; sewa.

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Introduction

Continuity in the implementation of governmental tasks and national development is very much determined by the quality of the performance of the state civil servants or more commonly called as civil servants (PNS). In order to achieve the goal of national development to create a prosperous, modern, critical, democratic, just, civilized, and law-abiding society, civil servants are needed to act as state apparatus in serving the state and society. Civil servants must be able to carry out government functions and provide the best

services to the community in a fair and equitable manner. The services provided must be based on their obedience and loyalty to the Republic of Indonesia's foundation, namely Pancasila and the 1945 Constitution of the Republic of Indonesia.

The state civil apparatus has a dominant position in the implementation of government functions for the state. The significance of the state civil apparatus as a driver of governance is explained by Utrecht as quoted in Tjandra (2013) who links the filling of official positions to the governmental order occupied by civil servants (Tjandra, 2013). The implementation of government functions in achieving national goals cannot be separated from the important role of civil servants as state civil apparatus. This is an important sign of the need for civil servants as state civil and public servants who are obedient and loyal to Pancasila as the basis of the state and the 1945 Constitution of the Republic of Indonesia to achieve national goals (Kushandoro, 2010). In this case, civil servants have an obligation to unite and be aware of their responsibilities in carrying out governmental duties and reach the development goals that the state has planned.

The implementation of government obligations and regional development must be based on the interests of the local community. Fulfillment of community interests is categorized as public domain matters. Public domain is a model that aims to describe the organization intended for collective goals and the collective values of society pursued in this realm (Stewart & Ranson, 1988). Public interest is not a collection of personal interests that are put together, but a result of the exchange of ideas and community involvement to find norms and shared interests (Alamsyah, 2016).

In providing services public institutions are not determined by market conditions but by the collective needs of the community through political processes. Services by public institutions can be provided voluntarily or at prices below the cost of production since public institutions are held to meet the needs of the community (Alamsyah, 2016). Meanwhile, the budget to meet the needs of the public domain is obtained through a political process by prioritizing government taxes rather than the sales proceeds. The budget is an important basis for determining the target level of tax revenues and desired expenditures and the choice to allocate expenditure. Budgets are not easily changed simply because the demand for services is greater than what is provided (Stewart & Ranson, 1988).

The implementation of the main tasks and functions of the regional government is performed by the state civil apparatus as one of the sub-systems in the regional staffing structure. It certainly requires facilities and infrastructure to support the smooth implementation of the mandate assigned by the central government. One of the ways is to provide adequate transportation facilities. Therefore, the regional government is trying to provide sufficient official vehicles as a form of commitment and responsibility as well as the concern of the regional government to support and pay attention to the continuity of the implementation of the mandate given to the state civil apparatus. Therefore, the demand for procurement of official vehicles is almost never absent in the submission of

the Revenue and Expenditure Budget (APBD) submitted by the regional government to the central government.

Regulations and guidelines for the management of official vehicles are managed in each regional regulation based on Government Regulation Number 27 of 2014 concerning Management of State/Regional Property and Regulation of the Minister of Home Affairs Number 19 of 2016 concerning Guidelines for Management of Regional Property. In addition, Government Regulation number 53 of 2010 concerning the Discipline of Civil Servants explains that every civil servant is not allowed illegally to own, sell, buy, mortgage, lease, or lend movable or immovable goods, documents or securities belonging to the state.

Basically, official vehicles have the function of supporting the state civil apparatus to serve the government and the society. They are one type of fixed assets owned by the region to support mobility in the operational needs of the civil service. Therefore, their usage must be in accordance with the main tasks and functions based on the rules, not for personal purposes or other activities out of the main tasks and functions. In using official vehicle facilities the state civil apparatus must pay attention to the risks. It is because the official vehicles belong to the state inventory regulated in the Act. However, in reality many state civil servants are not careful and do not use the official vehicles properly.

The act of illegal use of the official vehicles is often found and is considered normal for some people. The vehicles are not used in accordance with functions established by local governments. There are several cases of illegal use of official vehicles, such as using them for vacation, taking them as private belongings like in Manokwari (Lesmana, 2019), and seeking benefits as done by state civil servants in Mimika Regency who rent them (Laisouw, 2019). In fact they are vital asset of the region. Therefore, all costs for the maintenance are certainly be charged to the state (AR et al., 2019). This is not fair since the state has to pay for the maintenance the official vehicles used for personal purposes out of the job functions of individual civil servants. Of course these cases have become a sharp focus of the community on the local government, especially on the performance of the state civil apparatus in carrying out its duties and responsibilities to the community. The discrepancy between the function and the reality of its use is one of the practices of corruption in Indonesia.

Besides the illegal use of official vehicles, another problem is the potential for fraud in the process of procuring them which can cause losses to state finances. It might happen because the procurement officials often only appoint one provider of goods/services having a close relationship with them or the head of the agency. The 2015 Semester Inspection Results Index (IHPS) published by the Indonesian Supreme Audit Board (BPK-RI) states that there are administrative irregularities by the regional government in the ownership of regional assets. A total of 271 cases were found in Indonesia regarding the regional assets that have not been supported by valid evidence of ownership (Datau, 2016). After examining the realization of the Keerom Regency APBD in 2018 BPK-RI found oil/gas expenditure which was not supported by evidence and resulted in an over payment of

Rp 434,0600,000 in the budget realization. In addition, BPK also found a lack of work volume causing an over payment of Rp. 887,530,000 for the capital expenditure budget for the road procurement project and and network project of the Public Works and Housing Office (PUPR) and the Health office (Andriana, 2019). Based on the BPK's findings, there is an indication that the capital expenditure of APBD was marked up.

In addition to marking up the price of goods/services in the procurement, the risk of damage and loss of the official vehicles must also be accounted for. In Lubuk Linggau, South Sumatra, five state civil servants lost their official vehicles. The incident caused the government lose state inventory so that they were obliged to bear compensation for the acquisition cost, annual tax, and ownership transfer fees with a total of Rp. 15,975,000, (Journalist Linggau Pos Online, 2019).

In addition to these problems, another problem also arises when it is about to write off assets on an obsolete official vehicle. Local governments experience several kinds of obstacles such as difference in vehicle valuation caused by differences in calculation methods in valuing the fixed assets, lack of understanding of the state civil apparatus regarding the rules for asset write-offs which can lead to mismanagement of assets, improper regional asset administrative management caused by the lack responsibility of the regional asset management so that the data collection process and the condition of the assets are not in accordance with procedures and are often ignored (Suwarso, 2013). Furthermore, the committee is not professional and does not coordinate with the State Asset and Auction Service institution (Febriani et al., 2016). In fact, the process of eliminating state assets is important since it is the process of removing assets that have no use value or do not function properly from the inventory list.

Based on Regulation of the Minister of Finance Number 101/PMK.02/2011 concerning Budget Classification, procurement of official vehicles is categorized as capital expenditure. Data from the Directorate General of Fiscal Balance (DJPK) database states that the realization of Keerom Regency's capital expenditure in 2018 amounted to Rp 315,134,943,677, almost doubled from 2017 with the realization of capital expenditure of Rp 132,906,779,601. The increase in capital expenditure was followed by a deficit of Rp 122,852,023,604 in Keerom District (EPIKD Directorate, 2020). Organization's financial budgeting success can be measured through Value for Money (VFM) which includes an assessment of efficiency, effectiveness, and economy. In the economic context, if the realization of the budget is below the budgeted value, it is said to be a saving. However, if it is the opposite, it is said to be a waste (Ardila & Putri, 2015). The financial deficit that occurred in Keerom Regency, Papua, indicates the inaccuracy of the budgeting carried out in 2018 so that it experienced waste. This is because the budget allocation for each post was not properly calculated by the Keerom Regional Government. Inaccurate budgeting makes some of the posts not fully fulfilled the budget in accordance with the planned one. The track record of BPK's findings in Keerom Regency made the Keerom Regional House of Representatives (DPRD) very selective in approving budget proposals for the purchase of official vehicles. An argument took place when one of the Keerom Regency officials

objected to the refusal by the Keerom DPRD of a budget proposal for the purchase of a fire truck (Ej Admin, 2020).

There are actually other alternatives for the provision of official vehicles in supporting the operation of the state civil service out of the many potential problems that can arise from the procurement of official vehicles through purchasing. One of the alternatives is the rental of official vehicles, better known as Rental Operational Service Vehicles (KDOS). It has more advantages than the purchase of government official vehicles. It is more profitable if the vehicle is used mainly in the short term (Anzaya, 2016). It can minimize the frequent misuse of official vehicles, that is, official vehicles are not returned to the local government when the user has retired. In contrast to the burdensome purchase option that payments must be upfront, the rental cost is smaller than purchasing official vehicles at the beginning of the period (Davidson et al., 2015). More funds from the budget used for the procurement of official vehicles can be used for other posts that are more emergency and will reduce unexpected expenses that are not calculated before (Siswajaya, 2017). Procurement of official vehicles through the lease option is to replace operational service vehicles that have been phased out in the previous year and to add operational service vehicles.

A study conducted by the State of Kenya, Africa, shows that the use of rental option in the procurement of official vehicles received public appreciation because it has several advantages (Anzaya, 2016). First, vehicle maintenance is under the responsibility of the vehicle provider, making the local government not necessarily budget funds for vehicle maintenance costs. It is a major obstacle often faced by local governments in the process of securing and maintaining official vehicle assets given that the local government budget is limited by the central government (Suwarso, 2013). Second, there is no need to directly take care of the operational administration of ownership of the vehicle. Third, if there is damage, defects, or other things related to the vehicle, the provider will immediately take care of the claim for vehicle insurance. Finally, there is no need to make adjustments to the recording of asset written off and vehicle procurement when the economic life of the vehicle has expired. The same result was also revealed in a study conducted by the Indonesian National Police Research and Development Center in 2017 which explained that the use of rental option in the procurement of official vehicles could further save capital expenditure budgets (Siswajaya, 2017). On the other hand, a different research result is obtained from the case study research on the assessment of rental or purchase options conducted by the Secretariat General of the Ministry of Finance. Through a cost approach, the Net Present Value (NPV) of official vehicle purchase option can be more efficient than rental one. However, it applies under normal circumstances and vehicle use is planned to last for seven years (Arifin & Biswan, 2020).

Research Problems

Based on the explanation above, the author is interested in discussing the how is the urgency of operational rental vehicles in the Keerom Regency Government?

Research Method

The research method used in this study is normative legal research, namely legal research carried out by mere examining literature or secondary data (Soekanto and Mamudji, 2015). According to Johny Ibrahim, normative legal research is a research focusing on examining the application of the rules or norms in positive law (Ibrahim, 2006). The steps taken in the collection of legal materials are by carrying out an inventory of laws and regulations related to research, library research, internet browsing, reviews of scientific articles, study of scientific papers and documents. In addition, this study also uses alternative data sources from the authority of influential people in their society (key persons), traditions, common sense, myths, and personal experiences. Care must be taken in selecting and processing this alternative data. However, ignoring this type of data is a mistake.

The legal material in the study will be described and related in such a way, so that it is presented in a more systematic writing to answer the formulated problems (Ibrahim, 2006). According to Marzuki, the deductive method is based on basic principles, then the researcher presents the object to be examined (Marzuki, 2005). Systematic here means that the overall data obtained will be linked to other data, and connected with the examined subject matter to be a unified whole.

Discussion

General Conditions of Keerom Regency

Keerom Regency is a regency in Papua Province, Indonesia. Before becoming an autonomous district, Keerom was once part of Jayapura Regency. Keerom Regency is geographically bordered directly and extends in the border area of the Republic of Indonesia with the State of Papua New Guinea (PNG). Keerom Regency has an area of 9,345 Km². Astronomically, Keerom Regency is located between 140 ° 15'o "to 141 ° 0'o" South Latitude and 2 ° 37'o "to 4 ° 0'o" East Longitude.

The administrative boundaries of Keerom Regency are as follows: North side: Jayapura Regency and Jayapura City; Southern side: Bintang Mountains Regency; West side: Jayapura Regency; East side: Papua New Guinea. In 2006, the Keerom Regency had 5 districts, 48 villages. Then in 2007 there was a district division so that currently it has 7 districts, 61 villages. Judging from the composition of the villages, Arso district has the highest number of villages, 17 villages. Whereas, the Waris district, the Senggi district, and the Web district have the smallest number of villages, each with 6 villages.

In Keerom Regency, which consists of 7 districts, only Arso, Skanto, and Waris districts can be reached by land transportation of 4-wheeled vehicles or 2-wheeled vehicles to the villages. The district of Senggi, East Arso and the Web can be reached by 4-wheeled or 2-wheeled vehicles to the district capital and only a small part of the village. Meanwhile, Towe district can only be reached by air transportation, and on foot to the villages (Penghubung Papua, 2020).

Public Domain Theory

The Public Domain Model was first introduced in Stewart and Ranson research in 1988. Public Domain is a model that aims to describe that, related to organizations intended for collective purposes, the collective values of society are pursued in this domain (Stewart & Ranson, 1988). In the public domain, public interests are not seen as a collection of personal interests, but rather as the fruit of the exchange of ideas and community involvement in finding shared values and interests (Alamsyah, 2016).

Public institutions provide services determined by collective needs through political processes rather than by market conditions. Services by public institutions such as the government can be provided voluntarily or at prices below the cost of production considering that institutions with a public domain focus are held for the benefit of the welfare of society (Alamsyah, 2016). Meanwhile, the budget in the public domain is obtained through the political process by giving priority to income from taxes rather than sales profits. The budget is the basis for determining the target level of tax collection and the desired expenditure as well as the option to allocate expenditure to certain items. Public institutions' budgets are not easy to change because the demand for services is greater than what is provided (Stewart & Ranson, 1988).

In addition to the main purpose, the public domain also has special purposes. First, providing goods and services needed by the community. Public organizations must be able to carry out tasks that cannot be carried out individually but collectively. They must be able to meet the needs of goods and services needs of of all the community members. The public domain is responsible for providing goods and services needed by the community because individuals cannot afford to work on them. The government has a duty to maintain the common welfare. Second, creating efficiency. It is related to the task of the government in regulating shared resources which, if monopolized, can result in joint losses. Third, regulation and collective use. The nature of public organizations is certainly inherent to them that are at the level of local bureaucracy. Local governments must also be present in carrying out tasks in the objectives and conditions concerning the public interests. Thus, the responsibility of public organizations cannot be separated from the public collective goals (Aini, 2010).

The condition for situation of the public domain is when collective needs are not seen as obstacles but as a means to encourage collective action. Without these conditions there is no valid basis for collective action. Meanwhile, the tasks of government include the formation of law and the maintenance of the order. Needs in the public domain are imposed on government conditions (Stewart & Ranson, 1988). In the public domain, needs must be assessed. VFM is needed in finding the value of needs in the public domain. VFM emphasizes economy, efficiency and effectiveness (3E). It is the basis in the management of organizations that focus on the public domain.

The concept of Value for Money (VFM)

Value For Money (VFM) in the public domain model is used as a tool in assessing the performance of an organization in achieving its intended goals (Stewart & Ranson, 1988). The VFM concept is constructed through 3E (Stewart & Ranson, 1988). The economy refers to the comparison of inputs obtained for a particular quality choice with the lowest price / expenditure that can be selected. Economy is associated with efforts to avoid wasteful spending and ineffective expenditure. Then, efficiency is interpreted as achieving maximum output with the use of the lowest input. Meanwhile, effectiveness is interpreted as the level of achievement of the results of the planned targets.

Public sector is highly highlighted by the community in its performance to serve the community. VFM needs to be considered to avoid and measure the level of inefficiency, waste, and leakage of government agency funds. The budget which is one of the planning tools for activities in the public domain is calculated by monetary units which is also used as measurement indicators in 3E valuations. In planning the budget for procurement of official vehicles for both the purchase or leasing, the VFM concept must pay attention to the value of 3E.

The Urgency of the Leased Operational Service Vehicle at the Keerom Regency Government

One of the main problems in managing regional assets is administrative disorganization in controlling asset inventory. Asset inventory is a very basic thing that can be called the "heart" in the asset management cycle. Local governments are required to manage their assets in a professional manner. This professionalism, of course, must be supported by the availability of adequate facilities and infrastructure, both for the implementation of governmental tasks and functions and for public service tasks. To meet the needs, the Regional Governments have to procure facilities and infrastructure carried out in stages through planning and budgeting for capital expenditures in each year in accordance with established priorities.

The 2015 Semester Inspection Results Index (IHPS) I published by the Indonesian Supreme Audit Board (BPK-RI) also states that they found 271 administrative wrong doing cases by local governments for ownership of assets that are not / have not been supported by valid evidence. One of them regarding this matter is in the form of procurement of official vehicles to the regional government which is not yet equipped with proof of ownership (Datau, 2016).

The provision of facilities and infrastructure carried out continuously in stages each year can cause the Regional Government to have difficulty knowing exactly how many assets they have. Inventory activities are intended to obtain accurate, complete and up-to-date information to be the basis in planning, budgeting, procuring, and maintaining regional assets. One of the regional assets owned by the Keerom Regency Government is official vehicles that are controlled or owned by each Regional Apparatus Work Unit (SKPD) in the Keerom Regency Regional Government.

Official vehicles in the regional governments are very much needed to support the government operational activities. Procurement of official vehicles is very much needed to meet the need of official vehicles in the implementation of the Regional Apparatus Work Unit (SKPD) main tasks in the local government environment. This official vehicle procurement is a procurement of government fixed assets that uses the Regional Revenue and Expenditures Budget (APBD). One of the sources of the APBD funds is from taxes paid by the community. The problem often faced and experienced by local governments in the process of procuring official vehicles is the potential for fraud committed by government officials or providers of goods/services that can cause state financial losses. This often happens when the procurement officer only appoints one supplier of goods/services that has a close relationship with himself or the head of the agency. As a result, the opportunity for government agencies to obtain goods of the highest quality at the lowest price may be closed due to special relationship reasons. It can be used as a mode of cooperation to falsify selling prices by marking up prices to be higher so that it benefits the parties concerned. This, of course, is not in accordance with the economic principle in the VFM concept of getting the highest quality goods at the lowest price. In addition to the price of goods marked up in procurement, the use of vehicles by local governments that are not in accordance with their functions to support government operational activities is also one of the corrupt practices that often occurs.

Another problem occurring in the local government environment regarding official vehicles is inadequate management. Official vehicles are not only used for the benefit of the service in supporting local government activities, but also for personal purposes. Official vehicle personal use is certainly not in accordance with the protocol. It can create an increase in vehicle maintenance, repair and fuel costs. It could result in a higher expenditure realization of the two posts out of the APBD and burden the local government financial structure. Funds that should be allocated to the strategic building and development posts are used for unnecessary expenditure posts and cause inefficient use of budgets. This is certainly not in accordance with the VFM efficiency principle that efficiency can be achieved through maximum output with the lowest funds.

Another obstacle faced by the local governments is when they are about to remove obsolete official vehicles and the reappraisal of them. They often face different appraisal of the vehicles. It is due to the difference between the market price of the vehicles and the results of the assessment by the regional vehicle committee formed by the regional government.

Furthermore, it is stated in the regulation regarding the management of regional property that the cost of maintaining regional property is charged to the regional budget. As evidence of accountability for the implementation of the maintenance budget, the implementer reports its activities to the manager regularly. The report will be examined by the assistant manager and then proceed with the preparation of a list of results of annual maintenance of goods. The annual maintenance report is an evaluation in the

process of maintaining the annual budget allocation and becomes an evaluation in the process of allocating a maintenance budget in the following year.

Maintenance activities are activities or actions taken to make all regional government belongings always in good condition and ready to be used in an efficient and effective manner in accordance with their functions. Asset maintenance in the form of official vehicles so far is one of the expenditures that need large funds for the annual budget. The more the assets of these official vehicles, the higher the budget needed.

The rationalization of official vehicles to improve the effectiveness and efficiency of maintenance costs is very necessary. The rationalization of the number of official vehicles is to consider the level of need for official vehicles for each SKPD. Ideally, the number of official vehicle assets for each SKPD have to be in accordance with the existing needs. The lack of official vehicle assets will result in non-optimal performance of the SKPD in carrying out their work. Excessive official vehicle assets will result in inflated costs of maintenance of inefficient official vehicles.

The yearly increased budget for maintaining the official vehicles is caused by the increase number of official vehicles to maintain, and the increased maintenance costs because of the vehicle ages. In this case, the older the vehicles, the more the budget for maintenance and operational cost. In relation with the vehicle age, there are still a number of official vehicles in the Keerom Regency Regional Government that have been used for more than 5 years. In this case, if the operational and maintenance costs of the vehicles require greater funds, they need to be re-evaluated.

Apart from several practices of official vehicle operation stated above, the urgency of rented official vehicles at the Keerom Regency Government is also based on several things as follows: that the smooth implementation of tasks for regional officials / regional apparatuses in the framework of implementation of Local government management has to be supported by facilities including operational official vehicles, and due to the limitations of operational services owned by local governments, additional operational service vehicles are needed through the rental process.

Effectiveness in VFM is the level of result achievement with predetermined targets. Of course, the potential problems arising from the ownership of official vehicles in local governments can cause cost items that have to avoided in order not to cause budget overruns. If the budget realization is far higher than the planned APBD, a budget deficit in regional finances will occur. It, of course, is very dangerous considering that the regional operations must continue to run to make regional development run well. The effectiveness of both purchase and rental options of official vehicle procurement must be carefully considered.

Procurement of operational service vehicles through the leasing process is strongly considered to minimize expenditure in the budget of the local government. The VFM concept is used to weigh the economy, efficiency and effectiveness of each official vehicle procurement options. An assessment is needed given that the operational needs of the

state civil service for regional service vehicles cannot be separated from the task of meeting the community's needs for regional development.

Implementation Implications of rented Official Operational Vehicle System

Improving the quality of services to the community is expected to be aligned with the provision of adequate facilities and infrastructure in the implementation of operational activities of each regional work unit (SKPD). Provision of government facilities and infrastructure can be done through the procurement of goods/services. Referring to Presidential Regulation Number 16 of 2018 concerning Procurement of Government Goods/Services and Presidential Regulation Number 17 of 2019 concerning Procurement of Government Goods/Services for the Acceleration of Welfare Development in Papua and West Papua Provinces, Article 1 number 1 states that Procurement of Goods/Services Government Services, hereinafter referred to as Goods/Services Procurement, are activities of Procurement of Goods/Services by the Ministries/Institutions/Regional Governments financed by the State Revenue and Expenditure Budget/Regional Revenue and Expenditure Budget, which has been in process since the identification of needs, up to the handover of results of the work. The procurement of goods/services is carried out by means of procurement and/or self-management.

In the practice of planning the needs and budgeting in the regions, the authorized officials often budget unnecessary goods. Meanwhile, what is really needed is not listed in the budget. It makes the utilization of the goods not optimal. The arranged work programs are often adjusted to the budget, not vice versa, so that irregularities are increasingly open for certain interests. This happens a lot because of certain interests, such as money received by the regional apparatus before the procurement of goods. Many opportunities of wrong doing in planning and budgeting prone to corruption are caused by the weak regional financial management. Related to the practice of official vehicle use, the problem often arises is the illegal use of official vehicles. It is caused by the excessive goods and the tendency to violate or lack understanding of the use of assets.

In practice, the determination of the status of use turns out to be very minimal. This is contrastive with the mandate of determining the status of use in Government Regulation No. 27 of 2014 where the users of the goods report the goods belonging to the region, in this case the official vehicles they receive, to the property manager accompanied by a proposal for use. In other words, there are crucial constraints in determining the status of use. These constraints can originate from two things: the lack of awareness of the goods users related to the stipulation of usage status and the absence of ownership documents which are one of the supporting documents for the usage status assessment.

In fact, some users do not give official vehicles back to the government after their usage status has expired. The use of assets belonging to/under the control of local government is considered to be less/not maximal; even many assets of official vehicles do not look well cared for. Then what is prone to happen is that the assets of official vehicles

are used by other parties without clear status. If this is left without a clear legal status it will cause problems later on.

There is a tendency for each SKPD to compete to get a large capital expenditure allocation without taking into account the number of official vehicles they actually need. As a result, some government units have many official vehicles while others are lacks of them. These happen because so far the fund allocation for maintenance has not taken into account the condition and quantity of official vehicles. The allocation of capital expenditure has not taken into account the number of official vehicles owned. In addition, alternative financing for procurement has not been evaluated based on the characteristics of the needs.

The accumulation of capital expenditure for official vehicles by the Regional Government of Keerom Regency from year to year has implications for the increasing number of official vehicles which become the fixed assets of the Regional Government. The laws and regulations of the regional property management mention about security and maintenance. It is clearly stated that the security and maintenance of assets are important in the management cycle because the purpose of these activities is to care for and maintain them to make them remain good and ready to be used at any time. Facilities that are always in good condition will certainly affect the value of fixed assets to maintenance expenditure. It results in capital expenditure on maintenance because fixed assets are usually the assets with the highest value in entity. Another reason for the importance of maintenance is because the fixed assets or assets belonging to the regional government are obtained at a high cost from the budget through the Regional Revenue and Expenditures Budget (APBD) at each annual budget.

In practice, in meeting the needs of operational official vehicles the government units usually take the vehicle shopping mechanisms through procurement of purchasing. The purchase option is also recommended by the research by Arifin & Biswan (2020), Barbara, (2015), Erde (2016) which explain that the procurement of official cars with a purchase option has a lower total cost than using the rental option during the long term asset utilization.

When citizens refuse to accept tax increases and deductions in spending, the government looks for new revenues and selling or renting out assets is a fast and attractive option to get regional income (Snyder & Luby, 2013). This mechanism has the advantage that the vehicles will become the property of the units and will usually be auctioned off after the usage time has expired. The money from the auction will be deposited to the state. However, when further examined, this mechanism turned out to have several shortcomings, namely:

1. Costs incurred for the procurement of vehicles are very expensive.
2. Although a budget has been provided for vehicle maintenance, in reality many vehicles are not well maintained because the budget is used for other purposes.

3. The vehicles are not protected by insurance. The party being handed over is usually reluctant. Sometimes when returned to the local government, the condition of the vehicle is not roadworthy.
4. Vehicles are not returned to the local government by individuals who are given the mandate to use them even though they are no longer entitled to use them.

Official vehicles are one of the crucial fixed assets owned by the government for mobilizing operational activities. Procurement of official vehicles at local governments is done to meet the need for transportation facilities that can support the main tasks and functions of government to serve the community. It is known that the procurement of official vehicles with purchase option throughout the OPD/SKPD requires a large budget, while the regional budget is often limited by the government. Another alternative for procuring official vehicles can be through rental option. The benefits that can be obtained by selecting the procurement of official vehicles using the rental system compared to procurement are as follows:

1. There is cost savings when using rental mechanism compared to procurement mechanism.
2. In the rental system the government is not required to pay the maintenance costs. The vehicles are always in good condition. When there is a problem on them, they are simply changed with other units owned by the rental provider, while in the purchasing procurement mechanism, after procurement is complete, a budget for maintenance costs has to be prepared to make the vehicles ready to use.
3. The vehicles of purchase procurement has no insurance. Therefore, when there is damage or loss, individuals who are given the right to use the vehicles have to be responsible for the incident. Most vehicles that are damaged in fact are not replaced but are left alone so that after a few years of use it has not been road worthy anymore. In contrast to the rental mechanism, the leased vehicles are usually insured so that the users only use them without thinking about the cost of damage or loss of them.
4. The use of rental vehicles will not get problems with the elimination of property belonging to the local government as in procurement. Elimination of regional assets is very difficult and time consuming.
5. Users of rental vehicles do not need to pay any additional fees for tax and administrative costs, while those of vehicles from the purchase system have to pay for vehicle tax and administrative arrangements.

Based on the benefits presented from the lease option, a review of the application of the new system in the procurement of official vehicles is required, namely the rental system. The basis for using this system is to meet the needs of official vehicles in assisting the implementation of official duties and services to the community. In line with this, research conducted by Anzaya (2016), Davidson et al. (2015), Siswajaya (2017), and Widya (2016) prove that rental option has more benefits than purchase option on government official vehicles. Rental option is more profitable if the vehicles are used for a short period (Anzaya, 2016) in contrast to burdensome buying option especially when payments must

be upfront (Davidson et al., 2015). The budget for procuring official vehicles can be used for other more emergency posts and will reduce unexpected expenses that are not taken into account (Siswajaya, 2017). Procurement of official vehicles through leases is aimed at replacing operational service vehicles that have been phased out in the previous year and increasing the number of operational official vehicles.

Operational vehicle leasing is regulated in Attachment to the Regulation of the Minister of Finance Number 78/PMK.02/2019 concerning Input Cost Standard for Fiscal Year 2020. It states that the unit of rental expenses of operational vehicles for official and or non official operations is a unit of cost used for planning the needs for the cost of renting four-wheeled vehicles that function as office vehicles as a replacement of procuring vehicles through purchases. In practice, before dealing with a rental agreement, the tenant's work unit is required to check that the rental agency guarantees that the leased vehicles are always fit to use (including routine maintenance and replacements if the vehicles do not function properly). Therefore, no maintenance fees are allocated for the vehicles.

Regulation of the Minister of Finance Number 78 / PMK.02 / 2019 concerning Input Cost Standard for Fiscal Year 2020 provides notes relating to the procurement of operational vehicle leases including:

1. The use of the unit costs for leasing operational vehicles for official operations is an effort to take steps to effectively use the budget, as a substitute for procurement of vehicles through purchase and a part of the planned requirements for the supply of official vehicles and in accordance with applicable laws and regulations.
2. The unit cost of leasing operational vehicles for official operations is intended for work units that do not have vehicles for official operations in order to support their functions and tasks.
3. The mechanism for leasing operational vehicles for official operations follows the provisions of the procurement of goods / services in force.

In connection with the maintenance and operation of official vehicles, it is stated in the Appendix to the Regulation of the Minister of Finance No. 78 / PMK.02 / 2019 concerning Input Cost Standard for Fiscal Year 2020 that the unit of maintenance and operational costs for official vehicles is a unit of cost used for planning the cost of maintenance and vehicle operations used to maintain official vehicles in a normal and ready for use condition in accordance with their purpose. The unit cost includes fuel costs but not the cost of obtaining a Vehicle Number Certificate (STNK), the amount of which refers to the applicable provisions.

The notes relating to the maintenance and operation of official vehicles in this regulation are as follows:

1. What is meant by operational vehicles in an office environment are vehicles used only in an office environment. Example: Golf car / the like that is used to take state guests.
2. Specifically for official vehicles whose procurement is from rent, the operational cost unit is only for fuel.

3. This unit of cost is not intended for:
 - a. heavily damaged vehicles requiring large maintenance costs and subsequently be removed from the inventory list; and / or
 - b. maintenance of reconditioned and or overhauled vehicles.

As mentioned above, in the Minister of Finance Regulation No. 78/PMK.02/2019 concerning Input Cost Standard for Fiscal Year 2020, terms of insurance unit costs, service fees and paperwork handling fees are not specified. For this reason, based on the description above, it can be concluded that the procurement of official operational vehicles is more profitable with the rental mechanism compared to the purchasing one.

Operational official vehicle is an important element in the administration of government and regional development. Therefore, operational official vehicles need to be managed in an orderly manner to be optimally utilized to support the implementation of regional autonomy. The arrangement of rental operational service vehicles in the Keerom Regency Government is intended as a supporting facility in carrying out the duties and functions in accordance with the objectives to carry out the tasks of government.

Philosophical, Sociological, and Juridical Basis

Philosophically, rental operational service vehicles in the Regional Government of Keerom Regency are in the framework of achieving national development goals to provide services in a fair and equitable manner to the community based on loyalty and obedience to Pancasila and the 1945 Constitution of the Republic of Indonesia. The fifth point (Sila) of Pancasila and the Preamble of the 1945 Constitution clearly state that social justice for all Indonesian people is the basis of one of the nation's philosophies. Therefore, every Indonesian citizen has the right to obtain the best social justice. To create socially just situations and conditions, governance matters as mandated by the 1945 Constitution in paragraph IV of the opening of the 1945 Constitution, are namely: protecting all Indonesian people and all Indonesian land, promoting public welfare and the life of the nation, and participating in carrying out world order based on independence, lasting peace and social justice.

In order to achieve this justice and general welfare functions, local governments have the rights and responsibilities based on their respective abilities to participate as much as possible in advancing social welfare. Therefore, legal certainty in the form of regulations is needed. The notion of social welfare in the 1945 Constitution is one of the most important reasons for the birth of a state. In order to realize the people's welfare, the Keerom Regency Regional Government needs to regulate the policy regarding rental operational vehicles. The regulations have to reflect and uphold the norms and objectives of National Development. In addition, they have to be in line with the vision and mission of the Keerom Regency and pay attention to the cultural characteristics of the community and local wisdom in Keerom Regency.

Therefore, in order to establish the rented operational vehicles in Keerom Regency Regional Government optimally, the local government has to pay attention to Pancasila

values, state objectives, regional vision and mission and local wisdom that live and develop in the region. In addition, the existence of rented operational vehicles must later be able to provide benefits to the public and local government. Besides, they have to be able to contribute to the development and improvement of people's welfare.

Sociologically, the Leased Operational Vehicles at the Regional Government of Keerom Regency function as a support for the smooth implementation of the regional government in achieving the targets and as a form of responsibility of it to provide welfare for community life. In addition, to organize effective and efficient local government, it requires the availability of adequate facilities managed properly and efficiently.

The regulation regarding leased operational official vehicles in the Keerom Regency Government is intended as a means of supporting the regional government in achieving the targets, uniforming the steps and actions in the administration of leased operational official vehicles at the Keerom Regency Government, and providing guarantees / certainty in operating the operational rental vehicles in the Keerom District Government.

The objectives of the operation of rented operational vehicles at the Keerom Regency Government include:

1. Improving the performance and implementation of regional government tasks in an efficient and effective manner;
2. Providing rented operational service vehicles at the Keerom Regency Government which are worth with every money spent, measured in terms of quality, amount, time, cost, location, and provider;
3. Increasing the participation of Keerom business actors;
4. Carrying out rented operational service vehicles in the Keerom Regency Government which are more transparent, open and competitive;
5. Encouraging economic equality;
6. Improving community welfare in Keerom Regency.

Regulations and guidelines for the management of official vehicles are managed in each regional regulation which mandates Government Regulation Number 27 of 2014 concerning Management of State/Regional Property and Regulation of the Minister of Home Affairs Number 19 of 2016 concerning Guidelines for Management of Regional Property. In addition, Government Regulation number 53 of 2010 concerning Discipline of Civil Servants states that every Civil Servant is prohibited from illegally possessing, selling, buying, mortgaging, renting, or lending movable or immovable goods, documents or securities belonging to the state.

Conclusion

Rented operational vehicles in the Keerom Regency Government are to achieve national development goals to provide services fairly and evenly to the community based on loyalty and obedience to the Pancasila and the 1945 Constitution of the Republic of Indonesia. Choosing the procurement of operational official vehicles through the rental process is to minimize expenditure in the context of effectiveness and efficiency of the

budget. Rented operational service vehicles in the Keerom Regency Government function as a support for the regional government in achieving the targets as a form of regional government responsibility to provide welfare for community life.

Suggestion

Based on the results of the research and conclusions above, to support the realization of the procurement plan for the rented operational vehicles of the Keerom Regency Government, there are a number of suggestions that the authors propose, including: First, it is necessary to immediately draft a Regional Regulation on Renting the Operational Vehicles at the Keerom District Government; Second, the legal basis used in the Draft of Regulation of the Keerom Regency regarding Operational Vehicle Leases in the Keerom Regional Government needs to adopt a lot of the provisions of the new laws and regulations; Third, the Body of the Draft of Regional Regulation on Rented Operational Vehicles in the Keerom District Government needs to be socialized to get responses from the wider community to be more perfect and in accordance with community needs.

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