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INVESTMENT PROPERTY AS ACCOUNTABILITY INFRASTRUCTURE: A CASE STUDY OF PSAP 17 IMPLEMENTATION IN DKI JAKARTA

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Abstract

Indonesia's 24.66% reduction in Transfers to the Regions for 2026 compels subnational governments to identify fiscal resources beyond central transfers. DKI Jakarta experienced the largest reduction (50.04%) despite maintaining Indonesia's third-highest degree of fiscal decentralization (69.56%). The study aims at examining the implementation of Government Accounting Standard Statement No. 17 (PSAP 17) on investment property by DKI Jakarta's Regional Asset Management Agency. A qualitative case-study design was used; data were collected through semi-structured interviews with five agency officials and document analysis and subsequently analyzed using ATLAS.ti. The findings indicate that PSAP 17 has been implemented effectively and in accordance with applicable regulations. Its implementation strengthens accountability infrastructure through supportive systems, although challenges remain concerning asset status and contractual agreements. This study links PSAP 17 to public accountability theory, proposes a replicable implementation model, recommends strengthening e-BMD, publishes information on idle assets, and improves human-resource capacity to enhance regional asset governance.

INTRODUCTION

In 2025, the national government imposed a substantial reduction in the Transfer to the Regions (TKD) budget, cutting allocations by roughly IDR226 trillion, or 24.66 percent, relative to the previous year. Total TKD disbursements stood at IDR919 trillion in 2025 but were scaled back to IDR693 trillion in 2026 (Tempo.com). This development poses a critical challenge for regional governments, many of which in Indonesia remain heavily dependent on TKD transfers. Among all regions, the Jakarta Special Capital Region Provincial Government (Pemprov DKI Jakarta) absorbed the largest cut of all, a full 50 percent, followed by North Maluku, Jambi, East Java, North Sumatra, and Aceh provinces (Katadata.co.id; Presidential Regulation No. 118 of 2025; Presidential Regulation No. 201 of 2025).

Notably, Pemprov DKI Jakarta chose not to join the Association of Indonesian Provincial Governments (APPSI) in its direct appeal to the Minister of Finance opposing the TKD reduction. The Governor of DKI Jakarta acknowledged that the cut was indeed burdensome, but also framed it as an opportunity to optimize financing sources beyond TKD (Jakartanews.id). Indeed, Pemprov DKI Jakarta already ranks among the regional governments with the highest degree of fiscal decentralization in the country, specifically the third-highest nationally, at 69.56 percent in 2024, behind only Banten and Bali provinces (Statistics Indonesia, BPS). The fiscal decentralization ratio is calculated as the proportion of Locally Generated Revenue (PAD) to total regional revenue. As such, this ratio reflects a region's readiness to implement regional autonomy: the larger a region's PAD, the less dependent it becomes on the central government (Surgawati, 2021).

To strengthen fiscal decentralization and offset the impact of TKD cuts, regional governments are being pushed to more actively unlock their PAD potential. One avenue for doing so lies in asset utilization. The utilization of Regionally Owned Assets (BMD), as regulated under Minister of Home Affairs Regulation No. 19 of 2016 (later amended by Minister of Home Affairs Regulation No. 7 of 2024), refers to the productive use of regional assets that are not required for the core duties and functions of regional work units (SKPD), or the optimization of BMD without transferring ownership (Qurani & Narastri, 2024). Pemprov DKI Jakarta holds one of the largest asset portfolios of any regional government in Indonesia: in 2024 its total recorded assets reached IDR745 trillion, of which IDR636 trillion consisted of fixed assets, and the province has pursued asset optimization through a range of schemes, including leasing, Build-Transfer-Operate/Build-Operate-Transfer (BSG/BGS) arrangements, and utilization partnerships (KSP).

Optimizing asset utilization, however, must be matched by accountable reporting. This calls for a dedicated policy framework governing how income-generating assets are reported. This is precisely the role played by Investment Property (PI) in the broader effort to optimize asset utilization. Investment property is not a new concept in itself, yet within the public sector it remains relatively unfamiliar. Public-sector investment property is governed by Minister of Finance Regulation (PMK) No. 85/PMK.05/2021 concerning Government Accrual-Based Accounting Standard Statement (PSAP) No. 17 on Investment Property, issued in 2021. Investment property is defined as property held to generate rental income, to achieve capital appreciation, or both, and which is not used in the delivery of government services, made available for use by the general public, employed in the production or supply of goods or services, held for administrative purposes, or intended for sale and/or transfer in connection with public service delivery (PMK No. 85/PMK.05/2021, PSAP 17; DKI Jakarta Governor Regulation No. 67 of 2022; and Governor Regulation No. 31 of 2025). By utilizing assets already under its control, a regional government can generate revenue, effectively converting what were once cost centers into profit centers. It is important to underscore, however, that Investment Property is not itself an asset category but rather an account classification within the financial statements. The Investment Property account exists to distinguish assets used for operational activities and public service delivery from assets utilized to generate revenue. Investment Property is therefore, at its core, a reporting mechanism for asset-optimization policies that regional governments have already been implementing, while simultaneously functioning as a control instrument over idle assets, since the process of identifying

investment property compels a regional government to comprehensively re-map the utilization status of every asset under its control.

In Indonesia, only 14 provincial governments have so far implemented PSAP 17, and Pemprov DKI Jakarta was the first in the country to do so in 2022, while the remaining provinces only began implementation in 2023 and 2024. Financial statement data compiled by the researchers further show that Pemprov DKI Jakarta has recorded a substantial balance of Investment Property on its balance sheet: IDR1.2 trillion in 2022, rising to IDR4.4 trillion, and rising again to IDR5.2 trillion in 2024. With respect to the use of BMD to increase PAD, revenue generated from this Investment Property balance stood at IDR25 billion in 2023, and grew by 140 percent in 2024 to reach IDR60 billion.

As noted above, the recording of Investment Property represents a form of regulatory compliance, specifically with PMK No. 85/PMK.05/2021 on Accrual-Based PSAP No. 17 concerning Investment Property, and simultaneously serves as evidence of financial reporting accountability. The urgency of asset governance as a precondition for financial reporting accountability is not a new concern for Pemprov DKI Jakarta. Between 2013 and 2016, the Supreme Audit Board (BPK) issued consecutive Qualified Opinions (WDP), citing significant deficiencies in the management of fixed assets, tax receivables, and other receivables. In its Audit Report on the 2016 regional government financial statements, BPK noted that the Asset Inventory Cards (KIB) were inaccurate and uninformative, with a discrepancy of IDR 17.11 trillion between the KIB, the balance sheet, and the Asset Reconciliation Minutes. This finding provided clear evidence that the reporting entity itself (the agent) lacked a reliable asset database with which to account to BPK and to the Regional House of Representatives (DPRD), acting on behalf of the public (the principal).

In response, Pemprov DKI Jakarta separated asset management and financial management, whereby asset management is undertaken by the Regional Asset Management Agency (BPAD), while financial management is undertaken by the Regional Financial Management Agency (BPKD). In addition, Pemprov DKI Jakarta has also developed the Electronic Asset Reconciliation Information System (SIERA), which was built between 2017 and 2018 and fully rolled out in 2019. This governance improvement was reflected in a shift in BPK's audit opinions: in 2017 and 2018, the opinion improved to Unqualified (WTP), although BPK continued to flag the need for systematic and sustained asset administration, given the scale and complexity of the assets involved. It was only from 2019 onward, following the full implementation of SIERA, that this qualifying remark ceased to appear in BPK's opinions on DKI Jakarta's financial statements. From 2017 through 2025, Pemprov DKI Jakarta has sustained an Unqualified Opinion for nine consecutive years (Kompas.com). This record shows that the implementation of PSAP 17 is related to the quality of financial reporting of Pemprov DKI Jakarta. However, this association should be treated with caution, as other factors such as improvements in internal control, asset information systems, and the follow-up of audit findings may have also contributed.

The research specifically addressing investment property in the public sector remains limited, although a number of earlier studies have examined the utilization of fixed assets to increase PAD more broadly. Conceptually, this body of work shares common ground with investment property research, in that both concern the use of property to generate rental income, achieve capital appreciation, or both. The distinction lies in how the income-generating assets are recorded and recognized. In regional governments that have adopted PSAP 17, such assets are no longer recorded as fixed assets but rather as investment property, following a series of steps prescribed under PSAP 17. In regional governments that have not yet adopted PSAP 17, by contrast, such assets continue to be recorded as fixed assets. The implementation of PSAP 17 therefore represents more than a mere reclassification; it constitutes a substantive advance in transparency, accountability, and the optimization of fixed assets, particularly land and buildings held by regional governments.

Research conducted by Rebong et al., (2025) found that rental revenue from the Sikka Convention Center contributed only marginally to the growth of Sikka Regency's PAD, while Pangkey et al., (2025) similarly found that revenue from BMD leasing remained relatively small, though it rose markedly in 2023 compared with the prior year. That same study also identified several challenges to the use of regional assets for increasing PAD, including limited asset inventories, improper asset

revaluation, and weak promotional strategies for asset utilization. Separately, (Qurani & Narastri, 2024) found that asset management and utilization by the Regional Financial and Asset Management Agency (BPKAD) of Sampang Regency had yet to reach an optimal level, largely because a substantial share of regionally owned land still lacked valid legal title, and because assets had not yet been systematically classified into those with utilization potential and those without. This last constraint, in particular, underscores the importance of the asset identification and classification process mandated under PSAP 17 on investment property.

Other prior studies have examined public-sector investment property more directly, including work by Triganda et al., (2024) and by Ramadhan & Martani, (2023), both of which focused on the impact of implementing the PSAP 17 policy. Triganda et al., (2024) found that PSAP 17 implementation at BPKAD Bangkalan affected financial reporting, with a key challenge being the absence of a coding system specific to investment property. Ramadhan & Martani (2023), meanwhile, found that PSAP 17 implementation at the State Asset Management Agency (LMAN) affected both business processes and financial reporting, with challenges that were largely administrative in nature. Research linking policy implementation to accountability has also been conducted by Daud et al., (2025) and Ningrum et al., (2025). Daud et al., (2025) demonstrated that successful regional financial management accountability depends on a combination of optimal implementation of the Regional Government Information System (SIPD) and adequate human resource quality, while Ningrum et al., (2025) demonstrated that the use of the Village Financial System (Siskeudes) had a positive effect on, and improved, the transparency and accountability of village financial reporting.

Taken together, this body of prior research indicates that studies focused specifically on investment property remain scarce and tend to concentrate on the impacts of PSAP 17 implementation. At the same time, in the third year since PSAP 17 was issued, the number of regional governments that have implemented the standard remains quite low. This raises the question: is implementing PSAP 17 really so difficult? To help answer that question, Pemprov DKI Jakarta offers a valuable case of best practice, given that it is the pioneer in PSAP 17 implementation, the regional government with the largest asset base in Indonesia, and the regional government with the highest revenue generated from BMD utilization classified as Investment Property nationwide. To illuminate this best-practice case, the present study is guided by the following research questions: (1) How has the PSAP 17 policy on Investment Property been implemented- from identification, measurement, and presentation- and how has this implementation contributed to improved asset reporting accountability, as compared with its contribution to PAD, within Pemprov DKI Jakarta? and (2) What factors support and hinder the implementation of PSAP 17 at Pemprov DKI Jakarta? Accordingly, the objectives of this study are: (1) to analyze the process of implementing PSAP 17 on investment property, beginning with the identification, measurement, and presentation of investment property, within Pemprov DKI Jakarta; (2) to evaluate the contribution of PSAP 17 implementation to regional asset reporting accountability, as a point of comparison against its relatively limited contribution to PAD; and (3) to identify the factors that support and hinder PSAP 17 implementation at Pemprov DKI Jakarta.

To explain this phenomenon systematically, the study draws on two complementary theoretical lenses: Public Accountability Theory and Agency Theory (Jensen & Meckling, 1976). Public accountability theory serves as the primary framework for defining and evaluating the dimensions of accountability fulfilled through PSAP 17 (Mardiasmo, 2018) implementation, examined across four dimensions: accountability for probity and legal accountability, process accountability, program accountability, and policy accountability. This framework allows the study to distinguish PSAP 17's contribution to the quality of regional financial accountability from its contribution in purely fiscal terms. Agency theory, meanwhile, serves as a complementary framework for explaining the mechanisms underlying the relationship between the quality of asset reporting, the audit process conducted by BPK, and the resulting audit opinion. Within this relationship, the public and the DPRD occupy the position of principal, delegating the mandate for financial management to Pemprov DKI Jakarta as agent, while BPK functions as an independent oversight mechanism that serves to reduce information asymmetry between the two parties. This study seeks to position Investment Property not merely as a revenue mechanism, but as accountability infrastructure, a reporting outcome of asset-

optimization policy that simultaneously functions as a control instrument over idle assets, a role whose relevance has grown increasingly significant amid the efficiency measures and TKD cuts confronting Pemprov DKI Jakarta.

This study is expected to contribute by illustrating how PSAP 17 implementation has been carried out in practice and by offering concrete recommendations grounded in the identified supporting and inhibiting factors that shape investment property's function as accountability infrastructure. Theoretically, the study aims to enrich the public-sector accounting literature by situating PSAP 17 implementation not merely as technical reporting compliance, but as a form of accountability infrastructure.

METHOD

This study employs a qualitative case study design (Yin, 2014); Creswell & Creswell, 2023), which is well suited to "how" and "why" questions concerning contemporary phenomena within real-life contexts. The case under investigation is the implementation of PSAP 17 on Investment Property at the Regional Asset Management Agency (BPAD) of DKI Jakarta Province, located at Jl. Abdul Muis No. 66, Central Jakarta. Primary data were obtained through five semi-structured interview sessions (Sugiyono, 2025) with purposively selected informants representing the full value chain of asset management at BPAD: the Division of Asset Status Transfer and Documentation (PSDA); the Division of Planning, Utilization, Revenue, Use, and Valuation, known internally as P5; the Jakarta Asset Management Center (JAMC); the Division of Asset Guidance and Dispute Resolution (PSA); and the Division of Asset Administration (PUA). Secondary data consisted of regional financial statements for 2022–2024, internal regulations (DKI Jakarta Governor Regulation No. 67 of 2022 and No. 31 of 2025), and other documents related to investment property. Prior to the interviews, all informants were briefed on the study's objectives and on the intended publication of the resulting article. Interviews were conducted over five days, as the authors needed to accommodate informants' availability. The duration of each interview naturally varied depending on the amount of information gathered, though interviews averaged approximately 90 minutes. All conversations were recorded for subsequent analysis and transcription, a practice disclosed to informants in advance. All data collected and published by the authors were therefore obtained with the informants' consent.

Data analysis followed five sequential steps consistent with the qualitative case study tradition. First, all five interview recordings were transcribed verbatim and imported into ATLAS.ti together with secondary documents (the 2022–2024 financial statements, DKI Jakarta Governor Regulation No. 31/2025, DKI Jakarta Governor Regulation No. 67/2022, and other materials) as primary documents within a single hermeneutic unit. Second, the transcripts were read repeatedly for familiarization prior to open coding, during which descriptive line-by-line codes were assigned to text segments and documents addressing identification, implementation, benefits, utilization, partnership, fiscal contribution, or recommendations. Third, related codes were consolidated through axial coding, merging near-duplicate codes and organizing them into code groups corresponding to the seven core themes reported in the Results section. Moreover, network views were constructed for each theme, linking coded quotations across the five interview transcripts and supporting documents to visualize relationships, points of convergence, and contradictions among informants, following the interactive analysis model of Miles et al., 2014): data reduction/condensation, data display, and conclusion drawing/verification. Furthermore, conclusions were drawn iteratively and verified by returning to the original quotations and cross-checking them against secondary documentation, a process facilitated by ATLAS.ti's persistent linkage between each code and network node and its underlying source quotation.

ATLAS.ti, a Computer-Assisted Qualitative Data Analysis Software (CAQDAS) package, was chosen over manual coding for three reasons. First, it maintains a complete and auditable trail linking each code, quotation, and source document, which strengthens the reliability and confirmability of the analysis, a particularly valuable feature when triangulating statements from five informants holding distinct functional responsibilities (Friese, 2019). Second, its network-view feature visualizes

relationships among codes rather than merely tabulating them, which helped surface the institutional narrative underlying the case, for instance, how a single BPK audit finding functioned as a trigger linking codes related to identification, reclassification, and revenue, a pattern that would have been difficult to detect through manual matrix coding alone. Third, working within a single integrated hermeneutic unit containing both interview transcripts and regulatory or financial documents made it straightforward to cross-reference informants' statements against documentary evidence during source triangulation, supporting the criteria of trustworthiness, credibility, dependability, and confirmability outlined by Lincoln & Guba, (1985). In addition, to validate the interpretation of the interview findings, the authors sought confirmation of the results from BPAD. As the party responsible for recording and presenting the investment property account in the financial statements, the Division of Asset Administration was the party consulted for this confirmation. Accordingly, the data presented in the Results and Discussion sections have been confirmed and validated by informants.

RESULTS

To address the research questions, the findings from interviews with the five informants at BPAD, Pemprov DKI Jakarta, are presented in Table 1 below. The interview results from all five informants are mapped according to the following categories and themes.

Table 1. Mapping of Interview Findings by Category and Theme at BPAD DKI Jakarta

Code	Category	Theme	Illustrative Quotation	Informant
IMP-ID-01	Implementation	Identification	"What determines whether something is classified as Investment Property is… we work with PUA… sometimes it also comes from a request; once it's checked and found to have optimization potential and no SKPD needs it, that's when it comes to us."	JAMC – Informant 3
IMP-ID-02	Implementation	Identification	"In our division, identification is usually tied to asset release… there are various applications submitted, and indeed some assets can be turned into Investment Property… It's then discussed by the asset-transfer team."	PSDA Division – Informant 1
IMP-ID-03	Implementation	Identification	"PI, in simple terms, refers to assets that are no longer used for operations and are intended to generate profit… once an asset is no longer used operationally, it has to be returned to the Regional Secretary… if no SKPD needs it, we optimize it."	PSDA Division – Informant 1
IMP-ID-04	Implementation	Identification	"…other regional governments often come here to ask how the identification process works, what the basis is… PI is already regulated under PSAP 17, which is grounded in PMK No. 85/2021. From there, the policy and the recording system are derived into Governor Regulations. We have Governor Regulation 67/2021 on accounting policy and Governor Regulation 31/2025 on the accounting system."	PUA Division – Informant 5
IMP-PGK-01	Implementation	Measurement	"Actually, our role in the process is purely administrative. The valuation itself is carried out by an Independent Appraiser or KJPP (public appraisal firm)… we at BPAD simply commission the assignment."	P5 Division – Informant 2
IMP-PGK-02	Implementation	Measurement	"…in government, we use acquisition cost, not real or revalued figures… if the appraisal comes back at 100 billion, Gramedia agrees to lease it at 100 billion. There's no discount rate applied, since it's a commercial arrangement."	PSA Division – Informant 4
IMP-PGK-03	Implementation	Measurement	"…revaluation, so far we haven't done that; what's currently in place is still based on acquisition cost. But that is indeed the direction we're heading, much of it hasn't been carried out yet, but there is movement toward asset revaluation."	PSDA Division – Informant 1

Code	Category	Theme	Illustrative Quotation	Informant
IMP-PYJ-01	Implementation	Presentation	"…oh, land, land is usually… leased out… There are also buildings, but mostly it's land. Sometimes it's land alone, sometimes land and buildings together. GI, for instance, has a bridge connecting West Mall and East Mall…"	PSDA Division – Informant 1
IMP-PYJ-02	Implementation	Presentation	"…the classification covers assets intended to generate rental income, or an increase in asset value, or both… There's land, there are buildings and structures… But it's still called an asset; only the presentation differs, being recorded under the investment property account…"	PUA Division – Informant 5
IMP-PYJ-03	Implementation	Presentation	"We ask: what is the character of the asset? If it's leased commercially, we present it under PI; if it's non-commercial, then it's a partnership arrangement instead… So essentially PI is just an account; the account name is Investment Property… there's no such thing as an 'investment property asset'; what exists is an asset presented under the investment property account…"	PSA Division – Informant 4
AKT-KH-01	Accountability	Honesty & Legal	"…it's already in the regional regulation, there's a delegation from the Governor to the goods manager… the decision on which assets move from PPAD to investment property has been delegated to the Regional Secretary, under the new regional regulation."	PSDA Division – Informant 1
AKT-KH-02	Accountability	Honesty & Legal	"The key lies in the cooperation agreement (PKS); even when it's detailed, some things still don't align… when BPK raises a finding, we look for a win-win solution… It's all laid out in the agreement; it's right here, sir."	P5 Division – Informant 2
AKT-PRS-01	Accountability	Process	"Once a request comes in, usually from JAMC, they ask us to conduct a valuation, and we then appoint a KJPP to carry it out… once the value is issued, we send it back to JAMC… Yes, there's an SOP for it. Whatever we do, we minimize risk through the SOP… no matter who sits in that position, the SOP is there, so it's not a problem."	P5 Division – Informant 2
AKT-PRS-02	Accountability	Process	"…typically an investor or developer comes in through that channel—say, we build a school here… BSG/BGS used to be called BTO/BOT, and back then there was no auction or tender requirement; but since 2016 it has to go through tender… though under the new provisions, whoever originates the idea usually still gets a certain privilege…"	PSDA Division – Informant 1
AKT-PK-01	Accountability	Program & Policy	"Why do we pursue optimization? First, to increase PAD. Second, to make asset management clearer and more specific. Most critically, to prevent the encroachment of idle assets."	P5 Division – Informant 2
AKT-PK-02	Accountability	Program & Policy	"…more precisely, optimizing regionally owned goods plays a strategic role in strengthening fiscal capacity. The advantage of PI presentation lies in its accountability and monitoring, since it has its own dedicated account."	PSA Division – Informant 4
AKT-PK-03	Accountability	Program & Policy	"Overall, PI's current contribution to PAD is still small, but compared with other regions—which haven't even started—Jakarta is already doing fairly well."	JAMC – Informant 3
FP-01	Supporting Factor	Availability of an SOP that maintains process consistency across officials	"…once the SOP is standardized, it's locked in. No matter who sits in that seat, it's fine; there's an SOP, so it's not a problem."	P5 Division – Informant 2
FP-02	Supporting Factor	The BMD utilization database (RK BMD) as an idle-asset data bank	"The data sits with us, from the RK BMD utilization records. That's what we use to build a database that becomes a data bank whenever an idle asset comes in from any SKPD."	P5 Division – Informant 2

Code	Category	Theme	Illustrative Quotation	Informant
FP-03	Supporting Factor	Field verification	"It's also carried out through field surveys of the site proposed for partnership… we also look at zoning, spatial planning, and the designated land use."	JAMC – Informant 3
FP-04	Supporting Factor	Separation of financial and asset management	"…originally money and assets were combined under one agency called BPKAD… when merged, asset management only got 2 of the 5 divisions, while we had to manage several hundred trillion rupiah worth of assets with just those 2 divisions, it was overwhelming, practically a 24-hour job… then in 2017 it split into BPAD and BPKD…"	PSA Division – Informant 4
FP-05	Supporting Factor	Use of an electronic BMD system	"…the system is already electronic, called SIERA, for asset reconciliation—that's one of the things that helped Pemprov DKI achieve WTP too… in the past, manual reconciliation could take days, but since SIERA the process has become fast…"	PSDA Division – Informant 1
FP-06	Supporting Factor	Separation of commercial and non-commercial asset optimization management	"…ever since JAMC was established during the transition, all forms of utilization involving commercial value shifted over to JAMC. So the division is clear: our division only handles non-commercial matters, meaning G2G arrangements, between vertical and horizontal government bodies…"	P5 Division – Informant 2
FH-01	Inhibiting Factor	Asset write-off procedures delaying execution of utilization	"There's a plot of land, the former Training Center site in Kuningan… to this day it can't be executed because there's a building still going through the asset write-off process."	PSDA Division – Informant 1
FH-02	Inhibiting Factor	Unclear cooperation agreements and limited professional human resources	"As for contracts here in DKI, it's been raised many times—many agreements become problematic because the underlying arrangement isn't clearly specified…"	PSA Division – Informant 4
FH-03	Inhibiting Factor	Absence of technical guidelines for investment property	"In many regional governments, PI still hasn't been implemented because it isn't regulated under a Minister of Home Affairs regulation… the PMK exists, but the corresponding Minister of Home Affairs regulation doesn't yet."	PSA Division – Informant 4
REK-PL-01	Recommendation for Other Regional Governments	Accurate asset identification and clear-and-clean status as an initial precondition	"…the identification process for assets with genuine potential must be accurate… the asset's legal status must also be clear and clean; there must be no control by other parties or any ongoing dispute."	JAMC – Informant 3
REK-PL-02	Recommendation for Other Regional Governments	PSAP 17 implementation needs to be tailored to each region's asset profile, rather than applied uniformly	"…it's somewhat less suitable for other regions, especially those without many assets. Besides, sometimes they do have assets, but the location isn't particularly strategic."	PSA Division – Informant 4
REK-PL-03	Recommendation for Other Regional Governments	Replicating the electronic BMD management system (SIERA) as a best practice	"Many provincial governments come here on study visits, and one of the things we showcase is electronic BMD management through the system… it keeps getting tidier over time because of SIERA."	PSDA Division – Informant 1

Code	Category	Theme	Illustrative Quotation	Informant
REK-OPT-01	Recommendation on Asset Optimization	Developing an idle-asset publication system to attract partners	"…there are already plans to publicize assets with potential through the development of a utilization system… underutilized assets will be published on a website, something like Rumah123."	JAMC – Informant 3
REK-OPT-02	Recommendation on Asset Optimization	Developing an idle-asset publication system to attract partners	"…there was recently a proposed name, AJAKIN, but the Head of the Agency wasn't quite comfortable with it yet… an application to provide information on idle assets available for lease or use by the private sector or investors…"	PUA Division – Informant 5
REK-OPT-03	Recommendation on Asset Optimization	Strengthening the competence of human resources managing partnerships	"…you give peanuts, you get monkeys. You have to be bold enough to place competent staff so the results are maximized. If you want maximum results, hire professionals; the salary may be high, but the returns will be high too; you have to be willing to take that step…"	PSA Division – Informant 4

DISCUSSION

This study focuses on the implementation of PSAP 17 on investment property at Pemprov DKI Jakarta, its role in regional asset reporting accountability compared to its budget contribution, and the success factors. Three findings deserve mention. First, the order of identification, measurement, and presentation is in line with the hierarchical norm, starting from PMK No. 85 of 2021 for governmental accounting regulations and ending at the Governor Regulations. Second, investment property is in a position of accountability infrastructure, while contribution to PAD is modest. Third, the remaining constraints are asset status, contractual clarity, and technical guidance, rather than the standard. These findings are interpreted from public accountability (Mardiasmo, 2018) and agency theory (Jensen & Meckling, 1976), as well as compared to previous studies.

The sequential screening of available assets, with an asset being allocated to the SKPD first and remaining as investment property only when no organizational unit requires it and optimization opportunities exist, indicates that Pemprov DKI Jakarta distinguishes between assets kept for operations and assets kept for return, which underpins the logic of investment property standards. That this screening hinges on a hierarchy of rules from the PMK to the Pergub is in line with the hypothesis advanced by Boolaky et al., (2020) that coercive, mimetic, and normative pressures drive the extent and pace of adoption of IPSAS-based accrual accounting by Indonesian local governments. It also aligns with existing evidence that financial regulation, employee competence, and organizational commitment were prominent factors for accrual implementation in Indonesian government agencies (Kewo & Kewo, 2024; Yuliati et al., 2019). The Jakarta example thus lends support to the importance of formal rules as a precondition. Barbosa et al., (2025), who analyze the IPSAS 17 adoption from the perspective of accounting bodies in Brazil, provide a comparably relevant example, as its adoption there also depended on the weighing by applying organizations of benefits and costs.

That the search still remains largely reactive (driven by investor demand) partly accounts for the small share of investment property contribution to PAD. Rebong et al., (2025)and Pangkey et al., (2025) similarly observed a relatively small or marginal income from regional asset leasing, and Pangkey et al., (2025) ascribed it in part to insufficient inventories and weak promotion of asset utilization. Qurani & Narastri (2024) also discovered that assets of Sampang Regency had yet to be organized systematically according to the potential for utilization. Pemprov DKI Jakarta has advanced beyond this stage through the RK BMD database, field visits, and stage-by-stage screening, just like Carbonara & Stefano (2020), who use protocol-driven routes to valorize public real estate. In the next cycle, the idle Asset-publication platform hints at the next advance, from waiting for demand to generate it.

The measurement findings reveal one subtlety: investment property is measured at fair value on reclassification through an independent KJPP, but no revaluation has taken place, and depreciation in Table 2 indicates subsequent measurement is still cost. While the use of an independent appraiser

substantiates probity and thus the legal defendability of values, no revaluation limits their contemporaneity. As shown by Olante & Lassini (2022), choice of fair value over cost for investment property under IAS 40 is based on managerial objectives and not necessarily technical factors, which may be evidence of a mixture of regulatory prudence and administration here. (Dong et al., 2024) demonstrate that fair-value values of investment property are not inherently value-relevant without explicit guidance on implementation, making the cost-based continuation not by itself a reporting anomaly. Pangkey et al., (2025) attribute impediments to the use of regional assets for PAD enhancement to asset revaluation mistakes, which implies that revaluation is also a planning consideration.

On the side of presentation, a dedicated investment property account, later supplemented with a separate JIJ account, is a solution to the reclassification of investment property, which Triganda et al., (2024) considered a fundamental issue at BPKAD Bangkalan due to the unavailability of a coding system for investment property. The problem of administration is similar to the findings of Ramadhan & Martani (2023) regarding PSAP 17 implementation at LMAN, wherein business processes and financial reporting are affected, with the problem mostly being administrative. Table 2 also shows that the growth of recorded investment property is from reclassification, not new acquisition. It means PSAP 17 has made visible and can be controlled using a built-in mechanism the existing asset before asking the question from Gross & Wolny-Kucińska, (2021), namely is public real estate burden or income-generating.

In terms of Mardiasm (2018), these results suggest that PSAP 17 reinforced probity and legal accountability. Partnership is based on a PKS; reclassification authority is granted by regulation; and valuation is assigned to an independent appraiser. In agency theory terms, these devices limit the information asymmetry between the DPRD and the public as principals and Pemprov DKI Jakarta as the agent, with BPK providing independent oversight (Jensen & Meckling, 1976). The informants' opinion that SIERA helped the WTP opinion strengthens the interpretation. It is also consistent with cross-country research indicating that accounting reforms are related to good governance quality, including accountable governance (Cuadrado-Ballesteros & Bisogno, 2021; Tawiah, 2023), and to empirical work on the impacts of public sector accounting standards on budgets, efficiency, and accountability (Dorn et al., 2021).

The process dimension is demonstrated through SOPs, the tender item for partner selection from 2016, and tiered field verification. As procedures, not people, define how work is done, these results are insensitive to changes in government leadership. The role of information systems is also apparent: Daud et al., (2025) found that regional financial accountability hinges on SIPD implementation and human resources capacity; Ningrum et al., (2025) found Siskeudes increased transparency and accountability of village financial reporting; and SIERA plays a similar role in asset reporting at the provincial level. These studies imply that digital systems are a key enabler of accountability at the various levels of government, so long as responsible personnel use them (Kewo & Kewo, 2024).

The policy and program dimension is where the strongest clashes seem to emerge. The informants argue that optimization is about raising PAD, clarifying asset management, and preventing encroachment into remaining idle assets, and are optimistic about the dedicated account for supervision. Investment property revenue amounted to just 0.03 percent of PAD in 2023 and 0.08 percent of PAD in 2024, although the "close to a full doubling" nominal amount was potentially more significantly meaningful than the parameters imply. "Aside from the fiscal gains," the "supervisory gains" apparently outweigh the "fiscal gains," confirming that accrual accounting does not necessarily positively contribute to effective performance management in developing countries (Fahlevi et al., 2022) and that its adoption can entail negative unintended effects (Bonollo, 2022). Scannell & Tawiah, (2024) and Schmidthuber et al., (2022) have similarly shown that the value of IPSAS depends on factors affecting implementation. The Jakarta case proves that the benefit of PSAP 17 first accrues to its transparency and control qualities rather than to revenue implications.

This reading is relevant in light of the fiscal environment. (Fitrianti et al., 2025) demonstrate the strong influence of central transfers on local expenditure and call for increased local revenue generation; Wati et al., (2022) study the flypaper effect of intergovernmental transfers during COVID-19; Desdiani

et al., (2022) examine the resilience of local budgets in the same crisis in Indonesia; and Ahmad & Armawaddin 2026) find that only own-source revenue, but not transfers, reduces the severity of poverty after controlling for endogeneity. Given the large erosion of TKD incurred by Pemprov DKI Jakarta, investment property revenue will not serve as an immediate substitute, but the mere existence of a comprehensive accountability infrastructure under PSAP 17 does in itself pave the way for valuing idle assets on a systematic basis. Research assessing whether accrual accounting transforms municipal spending: Caiazza et al., (2026) demonstrate that accounting reforms are being increasingly evaluated for their impact on fiscal outcomes - which is the next question for PSAP 17.

The supporting factors discussed here are consistent with the governance factor(s) that Kaganova & Amoils 2020) have identified to accompany changes in the management of government property assets (such as technology and business-process reform). The BMD that can be found in the RK BMD database compensate for what are the deficiencies in inventories and classification mentioned by Pangkey et al., (2025) and (Qurani & Narastri, 2024). The first separation of BPLHD from BPKD in 2017 and the establishment of JAMC as a BLUD are an indication of a transition towards a more professional, specialized management of commercial property (similar to Higgins, (2023) claim that local government property is a candidate for a professional management initiative and good governance). Human resources' contribution to the transition is in line with Kewo & Kewo (2024) and Daud et al., (2025).

The inhibiting factors have also been documented elsewhere. Unknowns in the asset list, whether in terms of remaining write-offs or uncertain legal titles, echo the issue of large portions of land under regional authority (Qurani & Narastri, 2024). Conflicting co-operation agreements blunt legal liability and, in agency theory, leave the door ajar to non-contracting and BPK disputes (Jensen & Meckling, 1976). The lack of a BHP ministerial technical guideline would explain the slow uptake of PSAP 17 three years since it was released. Without any coercive device targeting local governments, adoption is bound to be slow (Boolaky et al., 2020), a trend also observed in the implementation of IPSAS (Scannell & Tawiah, 2024; Schmidthuber et al., 2022). The competency of the personnel in charge of cooperation is an additional factor (Kewo & Kewo, 2024)

The recommendations of the informants are coherent with the literature. Properly identifying and labeling assets as clear-and-clean solves the legal-title problem as identified by Qurani & Narastri, (2024); tailoring it to the asset profile addresses the when-to-valorize dilemma pointed by Gross & Wolny-Kucińska, (2021); time travel to Jakarta to observe the SIERA provides content for mimetic and normative diffusion (Boolaky et al., 2020); and sharing reports of idling assets allows peer learning of other cities even in the absence of a national program on the same subject, while at the same time responds to Pangkey et al., (2025)'s weak dissemination of asset utilization strategies, and fulfills a structured (activating) asset valorization approach (Carbonara & Stefano, 2020). Professionalizing the staff in charge of managing relationships with external actors is consistent with the importance of competence as argued by Kewo & Kewo (2024) and Daud et al., (2025).

Formally, the findings builds on public accountability theory by further evidence that investment property can play accountability infrastructure role to connect between accounting recognition, process control, and policy goals while agency theory by explains of how external independent valuation and audit minimizes information gap. Practically, there are three contributions to practice, namely, a technical guideline from the Ministry of Home Affairs, the enhancement of e-BMD systems and publication of idle-asset information, and human resource capacity construction. Since the research makes a comparison of only one case with five informants, transferability should be assessed from its similarity in asset profile and institutional capacity, rather than merely assumed.

CONCLUSION

The research objectives were achieved by evaluating the implementation of PSAP 17 on Investment Property in the DKI Jakarta Provincial Government, identifying its supporting and inhibiting factors, and examining its relationship with public accountability. The findings demonstrate that PSAP 17 has been implemented effectively and consistently with Minister of Finance Regulation

No. 85 of 2021, DKI Jakarta Governor Regulation No. 67 of 2022, and DKI Jakarta Governor Regulation No. 31 of 2025. The identification, measurement, and presentation of investment property have been appropriately conducted and have supported the reliability of the provincial government's financial statements.

The implementation represents accountability infrastructure that reflects the five dimensions of accountability proposed by Mardiasm (2018): probity, legal, process, program, and policy accountability. Its effectiveness is supported by the SIERA information system, clearly defined procedures, verification practices, the separation of financial and asset management functions, and the specialized management of investment property by JAMC. However, implementation remains constrained by unresolved asset-status issues, insufficiently detailed cooperation agreements, and the absence of technical guidelines from the Ministry of Home Affairs.

The study contributes theoretically by connecting PSAP 17 implementation with public accountability theory. Practically, it provides a reference framework for regional governments seeking to improve investment-property governance through accurate asset identification, electronic regional-property management systems (e-BMD), idle-asset publication, and stronger human-resource capacity. Nevertheless, the DKI Jakarta model requires contextual adaptation because its implementation is supported by the province's substantial asset base, strong fiscal capacity, and distinctive institutional structure.

This study is limited by its single-case qualitative design, its reliance on interviews with five BPAD officials, and its focus on the perspectives of internal government stakeholders. These limitations restrict the generalizability of the findings, particularly to regional governments with lower fiscal and institutional capacity. The evolving regulatory environment and absence of national technical guidelines also limit the assessment of implementation consistency across jurisdictions.

Future research should conduct comparative studies involving regional governments with different fiscal capacities and institutional arrangements. It should also incorporate external stakeholders, employ longitudinal or mixed-method designs, and evaluate the effects of e-BMD, idle-asset publication, and future Ministry of Home Affairs guidelines on investment-property accountability and performance.

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