

Analysis of Intangible Assets Movements in the Financial Report In Deli Serdang Regency For 2021-2022

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Purpose : This study aims to analyze the accounting treatment and disclosure of intangible assets in the financial statements of the Deli Serdang Regency Government for the fiscal years 2021–2022. Intangible assets, although relatively small in value compared to total assets, play a strategic role in supporting transparency, accountability, and digital transformation within local government financial management.

Design/Methodology/Approach :The study employs a qualitative descriptive approach by analyzing secondary data derived from the *Regional Government Financial Reports (LKPD)* and *Notes to the Financial Statements (CaLK)*. The data were examined in reference to the Accrual-Based Government Accounting Standards (SAP) and KSAP Technical Bulletins, focusing on recognition, measurement, amortization, and disclosure practices.

Findings : The results show that the value of intangible assets increased by 21%, from IDR 5.39 billion in 2021 to IDR 6.52 billion in 2022, mainly due to the procurement and development of software and digital applications across various government agencies. The Education, Health, and Housing departments recorded the highest asset values, reflecting local government priorities in digital service enhancement. Although recognition and measurement generally complied with SAP standards, disclosures in the CaLK were still limited, particularly regarding amortization, impairment, and useful life policies.

Originality/Value : This research contributes to the growing body of literature on public sector intangible asset management by providing an empirical analysis of local government compliance with national accounting standards. The findings highlight the importance of improving disclosure quality and capacity-building among regional accountants to enhance the transparency and reliability of financial reporting in Indonesia’s local government sector..

Keywords: Intangible Assets, Recognition and Measurement, Deli Serdang Regency

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I. INTRODUCTION

Public sector accounting serves as a cornerstone for achieving transparency, accountability, and good governance in local government administration. Through reliable and comprehensive financial reporting, stakeholders-including policymakers, auditors, and the public, can effectively evaluate the government’s financial position and performance. While considerable attention has been devoted to the management of tangible assets, intangible assets (IAs) often receive less focus, despite their growing relevance in the digital era. Intangible assets such as software, copyrights, licenses, and certain administrative rights possess non-physical characteristics but still generate future economic or service benefits that must be recognized in financial reporting.

In Indonesia, the accounting treatment of intangible assets is governed by the Accrual-Based Government Accounting Standards (Standar Akuntansi Pemerintahan/SAP) and the Technical Bulletins

(Buletin Teknis/KSAP), which provide detailed guidance on recognition, measurement, amortization, and disclosure. These standards aim to ensure that the presentation of financial statements reflects a fair and accurate financial condition of regional entities. However, practical challenges persist. Many local governments continue to face difficulties in identifying, valuing, and disclosing intangible assets due to limited technical understanding, lack of supporting data, or the perception that such assets are immaterial compared to tangible assets.

Empirical findings from previous studies consistently highlight these issues, revealing that the reported value of intangible assets in local governments is generally small relative to total assets, with disclosures often limited to nominal figures without sufficient explanation of accounting policies, useful lives, or amortization methods. This insufficient reporting undermines the transparency and reliability of local government financial statements, and consequently, reduces stakeholder confidence.

In this context, Deli Serdang Regency, a local government in North Sumatra, provides a relevant case study. The audit reports issued by the Audit Board of Indonesia (Badan Pemeriksa Keuangan/BPK) for fiscal years 2021 and 2022 indicate that intangible assets have been recognized in the financial statements. Nonetheless, an in-depth evaluation of the extent to which their accounting treatment and disclosure comply with SAP and KSAP requirements remains limited.

Therefore, this study aims to analyze the accounting treatment and disclosure of intangible assets in the financial statements of the Deli Serdang Regency Government for 2021–2022. The findings are expected to provide a comprehensive understanding of the practical implementation of intangible asset accounting at the regional level, identify gaps between normative standards and actual practice, and offer recommendations to enhance the quality, compliance, and transparency of public sector financial reporting in Indonesia.

II. METHOD

This study uses a qualitative descriptive method with the aim of analyzing the accounting treatment and disclosure of intangible assets (ATB) in the financial statements of the Deli Serdang Regency Government for 2021–2022. The data used are secondary data in the form of Regional Government Financial Reports (LKPD), specifically the Balance Sheet and Notes to the Financial Statements (CaLK), as well as related regulations such as PP No. 71 of 2010 concerning Accrual-Based Government Accounting Standards (SAP) and the KSAP Technical Bulletin. The analysis was conducted by comparing information regarding ATB contained in the financial statements with the provisions in SAP and technical guidelines, so that it can be determined whether the recording, measurement, amortization, and disclosure of intangible assets in Deli Serdang Regency are in accordance with applicable standards. This study is limited only to intangible assets, while other assets are not the focus of the study, so that the research results can be more directed at evaluating the transparency and accountability of intangible asset management in local governments.

III. RESULT AND DISCUSSION

A. Results

Based on the Notes to the Financial Statements (CaLK) of the Deli Serdang Regency Government for fiscal year 2022, intangible assets recorded a notable increase compared to the previous year. As of December 31, 2022, the total value of intangible assets amounted to IDR 6,524,009,710.00, representing an increase of approximately IDR 1,135,077,600.00 or 21% from 2021, when the total was IDR 5,388,932,110.00. This upward trend reflects the regional government's growing investment in digital infrastructure and information systems to support administrative efficiency and public service delivery.

The increase was primarily driven by the procurement and development of software, applications, and websites across various Regional Apparatus Organizations (Organisasi Perangkat Daerah/OPD). The Department of Education recorded the highest intangible asset value, **reaching** IDR 1,574,205,730.00, followed by the Health Department with IDR 893,417,500.00, and the Department of Housing, Settlement, and Land Affairs with IDR 503,681,000.00. These figures indicate that technology-related assets were concentrated in OPDs responsible for essential public services such as education, health, and urban management.

Further examination of the movement of intangible assets, as summarized in Table 4.1, reveals that most of the increases originated from newly acquired or developed software and applications rather than revaluation or reclassification of existing assets. Several OPDs, including the DPRD Secretariat (IDR 440,460,000.00) and the Department of Housing, Settlement, and Land Affairs (IDR 395,881,000.00), recorded substantial additions during 2022, reflecting the implementation of new digital systems and data management tools. In contrast, a number of agencies—such as the Department of Health, Social Services,

and Regional Inspectorate did not record additional intangible assets in 2022, suggesting that their digital infrastructure development had reached a relatively stable phase.

Although the overall growth in intangible assets is a positive indicator of digital transformation in local governance, the analysis of CaLK disclosures also suggests areas for improvement. Several OPDs reported asset balances without detailed descriptions of useful life estimates, amortization methods, or impairment considerations, which are required by the Government Accounting Standards (SAP) and KSAP Technical Bulletins. The absence of this information indicates potential inconsistencies in the application of accounting standards across agencies and highlights the need for enhanced guidance and technical capacity in recognizing and managing intangible assets.

In summary, the 2021–2022 data show a clear increase in the volume and diversity of intangible assets within Deli Serdang Regency, with a concentration in education, health, and infrastructure-related departments. However, the quality of disclosure and compliance with accounting standards remain areas that require strengthening to ensure that the presentation of intangible assets fully reflects transparency and accountability in local government financial reporting.

Table 1.
Calculation of Intangible Asset Movements in Deli Serdang Regency for 2021-2022

No.	OPD	Information	Per 31 Des 2021 (Rp)	2022 Increase (Rp)	Per 31 Des 2022 (Rp)
1	DPRD Secretariat	<i>Software</i>	0,00	440.460.000,00	440.460.000,00
2	Regional Secretariat	<i>Software</i>	79.240.000,00	0,00	79.240.000,00
3	Department of Housing, Settlement and Land Affairs	<i>Monitoring database website</i>	107.800.000,00	395.881.000,00	503.681.000,00
4	Department of Transportation	<i>Software</i>	244.259.500,00	0,00	244.259.500,00
5	Department of Healthy	<i>SIMJKN Software, Healthy ED, Patient Queue, and Travel Software and PSC 119, Payroll Receipt Application, TPP Application, SIMPUS Application, Software Development and Update of PSC 119 Application</i>	893.417.500,00	0,00	893.417.500,00

6	Drs. H. Amri Tambunan Regional General Hospital Technical Implementation Unit	<i>Software</i>	149.775.000,00	0,00	149.775.000,00
7	Departmen of Education	<i>Sinovic Software and Applications: Inventory Application, Siadit Application, Cashier Application and General Services and Personnel Applications</i>	1.355.469.130,00	218.736.600,00	1.574.205.730,00
8	Department of Culture, Youth, Sports and Tourism	<i>Website Network</i>	30.000.000,00	0,00	30.000.000,00
9	Social Services	<i>Software</i>	138.710.000,00	0,00	138.710.000,00
10	Community and Village Empowerment Service	<i>Software</i>	165.964.000,00	0,00	165.964.000,00
11	Department of Agriculture	<i>Website</i>	49.951.000,00	0,00	49.951.000,00
12	Regional Revenue Agency	<i>DAAS software and off-line computer control software</i>	1.469.508.700,00	80.000.000,00	1.549.508.700,00
13	One-Stop Investment and Integrated Services Agency	<i>Mikrotik and Webuzo License</i>	6.750.000,00	0,00	6.750.000,00

14	District Inspectorate	<i>Software and Applications/Systems WBS Implementation Information</i>	169.187.280,00	0,00	169.187.280,00
15	Environmental Service	<i>Software</i>	159.200.000,00	0,00	159.200.000,00
16	National and Political Unity Agency	<i>Software</i>	72.850.000,00	0,00	72.850.000,00
17	Human Resources Development and Personnel Agency	<i>Software, e-performance applications</i>	206.760.000,00	0,00	206.760.000,00
18	Department of Communication, Informatics, Statistics, and Cryptography	<i>Software</i>	90.090.000,00	0,00	90.090.000,00
TOTAL			Rp5.388.932.110,00	Rp1.135.077.600,00	Rp6.524.009.710,00

B. Discussion

1. Growth of intangible assets in Deli Serdang Regency

Intangible assets are fixed assets that have economic value but no physical form, such as software, applications, copyrights, or information system licenses. Based on the Deli Serdang Regency government's 2021-2022 financial report, the value of intangible assets increased from IDR 5,388,932,110 in 2021 to IDR 6,524,009,710 in 2022, representing an increase of approximately IDR 1,135,077,600 (21%). This increase reflects the local government's growing awareness of the importance of digitalization in supporting effective public services.

The change in value reflects not only new purchases or procurement, but also the result of accounting record-keeping improvements, such as asset reclassification and correction of accounting errors. In the context of government accounting, this reclassification indicates increased compliance with Government Accounting Standards (SAP), where software assets are now being recognized and recorded more accurately. Therefore, this increase reflects not only asset value growth but also progress in the quality of regional financial reporting.

Furthermore, this increase in intangible assets indicates that the Deli Serdang Regency Government is optimizing the role of technology in financial governance. This aligns with the regional government's vision of realizing a digitally driven and transparent government, in line with the national One Data Indonesia program and the implementation of e-government.

2. Distribution of Intangible Assets between Regional Apparatus Organizations (OPD)

The analysis shows that the distribution of intangible assets in Deli Serdang Regency is uneven but reflects the strategic priorities of the local government. The Education Office was recorded as the OPD

with the largest asset value, amounting to Rp1,574,250,730 in 2022. This large value was due to the development of various digital-based learning and education management applications. Meanwhile, the Health Office had assets worth Rp893,417,500, the majority of which was used for health service information systems such as SIMJKN, e-Clinic, and ED Sehat.

In addition to these two sectors, the Housing and Settlement Agency also experienced a significant increase, from Rp107,800,000 in 2021 to Rp503,681,000 in 2022. This increase was related to the development of a website and a special data-based monitoring system for land and infrastructure management. Other regional government agencies, such as the Regional People's Representative Council (DPRD) Secretariat, also began acquiring intangible assets in 2022, valued at Rp440,460,000, derived from the procurement of the Smart City application.

This distribution illustrates the direction of regional government policy in strengthening public service sectors that directly impact the public. Education, health, and infrastructure are the top priority sectors, receiving larger allocations for technology development than other sectors. Therefore, this asset distribution demonstrates the alignment between public service needs and digital capacity building policies at the regional government agency (OPD) level.

3. Factors Driving the Increase in the Value of Intangible Assets

The increase in the value of intangible assets in Deli Serdang Regency was driven by several key factors. First, the reclassification of fixed assets into intangible assets. In 2022, there was a reclassification of Rp440,460,000 from network or infrastructure assets, which turned out to be digital applications. This step improved recording accuracy and increased compliance with accrual-based SAP.

The second factor is the procurement and development of new applications used by various regional government agencies (OPDs). Local governments have begun implementing digital systems in nearly all sectors, such as the e-Performance application for ASN management, the SIMPEG (Personnel Information System), the SIPD (Regional Government Information System), and the SIMPUS (Community Health Center Information System). This software development not only supports administrative efficiency but also increases transparency and accountability in government performance.

The third factor is improvements to the financial reporting system and corrections to accounting errors. The 2022 report corrected a budgeting error of Rp694,617,600, which was recognized as an additional intangible asset. This correction indicates an ongoing evaluation process and improvement in the quality of regional financial reporting. Overall, the combination of these three factors demonstrates the regional government's ongoing efforts to develop information systems and improve digital asset accounting practices.

4. Impact of Increasing Intangible Assets on Governance

The growth of intangible assets has had a significant impact on governance in Deli Serdang Regency. With the addition of software and information systems, public service processes have become faster, more efficient, and more measurable. The implementation of digital applications enables real-time data collection, accelerates decision-making, and improves coordination between regional government agencies (OPDs). Another positive impact is increased transparency and accountability, as most digital systems are now integrated with public reporting mechanisms.

However, on the other hand, the increase in digital assets also presents new challenges. Local governments must ensure that every application they own is truly used effectively, not just at the procurement stage. Intangible assets have unique characteristics, where their value depends heavily on the relevance and functionality of their technology. Without regular maintenance and updates, digital assets can quickly lose their economic value due to the highly dynamic nature of technological development.

Furthermore, the growth of digital assets requires increased human resource (HR) capacity in information technology. The government needs to train officials to operate, manage, and secure digital systems so that investments in intangible assets truly yield long-term benefits. Therefore, increasing digital assets must be accompanied by a comprehensive technology management strategy.

5. Challenges and Future Directions for Intangible Asset Development

Although the increase in the value of intangible assets shows positive progress, Deli Serdang Regency still faces various challenges in managing them. One major challenge is the lack of integration between regional government agencies (OPD) systems, where stand-alone applications remain unintegrated and not fully integrated. This can lead to data duplication, system redundancy, and wasteful budgets for developing similar applications across multiple agencies.

Furthermore, software maintenance and updates are crucial. Intangible assets such as applications or systems have a limited useful life and require regular updates to remain relevant. Local governments need to allocate a dedicated annual budget for system maintenance, operator training, and cybersecurity protection against potential digital threats. Without this strategy, digital assets can become a cost burden without providing optimal added value.

Going forward, the Deli Serdang Regency Government is expected to develop a strategic plan for digital asset management, including system integration through a centralized platform, strengthening IT human resource capacity in each regional government agency (OPD), and improving the quality of financial reporting for intangible assets. With these steps, digital assets will become more than just numbers in financial reports, but also tangible instruments for realizing modern, efficient, and transparent governance

IV. CONCLUSION

Based on the analysis of the Notes to the Financial Statements of the Deli Serdang Regency Government for 2021-2022, it can be concluded that intangible assets experienced a significant increase of Rp1,135,077,600, or approximately 21%. This increase reflects progress in the implementation of government digitalization and increased compliance with Government Accounting Standards (SAP). The largest asset distribution was found in the Education, Health, and Infrastructure sectors, indicating that the local government has prioritized public service sectors that have a direct impact on the community. The procurement and development of software such as the Education Management Information System, Smart City, and SIMJKN demonstrate the government's commitment to achieving more efficient and transparent services.

In addition to procurement factors, the increase in intangible assets was also driven by the reclassification of fixed assets into digital assets and the correction of budgeting errors. This indicates improvements in the regional financial recording and reporting system. However, the growth of digital assets also presents new challenges in the form of application maintenance, system updates, and increased human resource capacity for optimal utilization. Overall, the development of intangible assets in Deli Serdang Regency shows a positive trend toward digital-based governance (e-government). However, optimizing these benefits requires a sustainable strategy so that digital investments truly provide added value to the community and support the principle of public accountability.

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