Evaluation of the Implementation of Fixed Assets Accounting at the North Sumatra DJKN Regional Office based on PSAP No.07 about Fixed Assets Accounting

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Abstract

Fixed Assets is one of the important components in the balance sheet that plays a significant role in policy making in government institutions. Therefore, the recording and reporting of fixed assets must comply with government accounting standards. This study aims to evaluate the application of fixed asset accounting at the North Sumatra DJKN Regional Office based on PSAP No. 07 about Fixed Assets Accounting. The method used in this study is a qualitative approach with descriptive analysis that compares the suitability of the application of fixed asset accounting with government accounting standards. Data was collected through interviews and supporting report documentation. The results showed that the North Sumatra DJKN Regional Office had carried out the administration of fixed assets in accordance with PSAP No. 07 about Fixed Assets Accounting but with the finding of errors in the recording of fixed assets of Buildings that should have been transferred to other asset posts and the value of assets that have been discontinued from government operations which are still recorded even though the assets have been disposed of. The North Sumatra DJKN Regional Office is recommended to follow up on recording errors by reclassifying assets and making reports related to recording errors in the application system.

Keywords
application; evaluation; fixed asset

I. Introduction

In the current era of information disclosure, the government is required to be able to provide information and accountability for the implementation of government activities in a transparent and complete manner. One of them is financial reports to the public. The Central Government Financial Report (LKPP) is a form of government accountability to the public that can be used for various purposes, especially as a reference source for the public and other users of financial reports in assessing government performance. By assessing government performance through financial reports, the public will get objective and accountable data. Financial reports that are presented in an accountable manner are very important for the sustainability of an institutions, especially government institutions because it is a form of controlling government institutions performance, an indicator of the trustworthiness of users of financial statements, and can be a reference for government government institutions leaders in making decisions. In addition, the preparation and presentation of financial statements reliably is a reflection of the realization of good governance.

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In the 2020 LKPP, the value of fixed assets is presented in the balance sheet is IDR 5,976.01 trillion or 53.8% of the total asset value, where the value continues to increase from year to year. This shows that fixed assets have a significant effect on the total amount of government assets presented on the balance sheet. The large value of fixed assets makes the government to be able to pay more attention to the management of government fixed assets to be more efficient, both from the aspect of physical management and the formulation of regulations and policies related to fixed assets so that the benefits of government fixed assets can be felt more by the public. A summary of the asset values on the balance sheet as of December 31, 2020 and December 31, 2019 can be presented as follows:

<table>
<thead>
<tr>
<th>Aset</th>
<th>31 Desember 2020 (Audited)</th>
<th>31 Desember 2019 (Audited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aset Lancar</td>
<td>665,16</td>
<td>491,86</td>
</tr>
<tr>
<td>Investasi Jangka Panjang</td>
<td>3,173,07</td>
<td>3,001,20</td>
</tr>
<tr>
<td>Aset Tetap</td>
<td>5,976,01</td>
<td>5,949,59</td>
</tr>
<tr>
<td>Plutang Jangka Panjang</td>
<td>39,32</td>
<td>56,68</td>
</tr>
<tr>
<td>Aset lainnya</td>
<td>1,225,10</td>
<td>967,98</td>
</tr>
<tr>
<td><strong>Total Aset</strong></td>
<td><strong>11,098,67</strong></td>
<td><strong>10,467,53</strong></td>
</tr>
</tbody>
</table>

*Figure 1. Summary of Asset Values on the Balance Sheet as of December 31, 2020 and December 31, 2019*

The presentation of fixed assets in the public sector or government institutions is regulated in Government Regulation of the Republic of Indonesia No. 71 of 2010 about Accrual-based Government Accounting Standards. Standards governing the administration of fixed assets of government institutions are contained in the Statement of Governmental Accounting Standards (PSAP) No.07 about Fixed Assets Accounting.

The Ministry of Finance, through one of its echelon I units, namely the Directorate General of State Assets (DJKN), has one of the main tasks of managing state assets, one of which is government fixed assets. Therefore, the vertical DJKN unit in the region, which in this study is the North Sumatra DJKN Regional Office (Kanwil), is considered to be an example of the management and administration of government fixed assets in accordance with Government Accounting Standards.

Several previous studies related to the evaluation of the application of fixed assets based on PSAP No. 07 about Fixed Assets Accounting that have been carried out, such as, by Safitri (2017), Engka (2017) and Asyqar (2020). The similarity of this research with previous research is that they both have the aim of knowing the suitability of the application of fixed asset accounting in government institutions with applicable laws and government accounting standards, which are carried out in each government government institutions that is the object of research based on PSAP No. 07 about Fixed Assets Accounting. While the difference lies in the characteristics of the object and location of the research as well as the laws and regulations that serve as a guide for supporting the applicable government accounting standards. The three previous studies were conducted on local government institutions that also adjusted the fixed asset accounting application policies regulated by the Ministry of Home Affairs such as Permendagri No. 17 of 2007. In Fresly (2017), the accounting policy applicable at the Education and Training Government institutions in the Ministry of Education and Culture of North Sulawesi Province refers to the Regulation of the Governor of North Sulawesi No. 30 of 2014 about Accounting Policies for the Province of North Sulawesi. In
this study, the object of research is a vertical unit of a central government government institutions under the Ministry of Finance, so there are differences in applying the fixed asset classification policy between the regional government and the central government.

With the obligation of government institutions to be able to present the value of fixed assets in accordance with PSAP No. 07 about Fixed Assets Accounting, every process in the application of accounting for fixed assets must meet the standards set from Recognition, Measurement, Termination and Disposal, and Disclosure of Fixed Assets.

Government institutions at the percentage of the Assets User Authorization Accounting Unit (UAKPB), implement fixed asset accounting with the help of the Institution Percentage Financial Application System (SAKTI) application. The authority to implement accounting for fixed assets at the UAKPB percentage rests with the Head of the Office and is carried out by asset administration officers or State Property Operators (BMN). The purpose of this study was to determine the suitability of the application of fixed asset accounting at the North Sumatra DJKN Regional Office based on PSAP No. 07 about Fixed Assets Accounting. There is a possible discrepancy in the application of fixed asset accounting in accordance with PSAP No. 07 may arise from errors and/or lack of recording of fixed assets due to the application of fixed asset accounting that does not comply with standards, errors in recording by BMN operators, policy making and supervision related to the administration of fixed assets that are not appropriate and also the possibility of error in the fixed asset recording application system.

II. Review of Literature

2.1 Theory

Accounting is a service activity that consists of recording, classifying, and reporting economic events or transactions which will eventually produce financial information that will be needed by certain parties for decision making (Sujarweni, 2015: 1) while according to Sumarsan (2017:1), accounting is an art to collect, identify, classify, record transactions and events related to finance, so as to produce financial information or a financial report that can be used by interested parties. Government Regulation of the Republic of Indonesia No. 71 of 2010 about Government Accounting Standards in article 1 paragraph (2), stipulates that accounting is the process of identifying, recording, measuring, classifying, summarizing financial transactions and events, presenting reports, and interpreting the results.

Government Accounting is a system that regulates the accounting process that manages state finance (public finance) even regulates the state's financial inventory, in particular at the stage of budget execution, including all the effects it has on the results on the government (Kustadi, 2015:1). Hazanah and Fauzi (2017:1), state that government accounting can be defined as an activity of providing services to provide government financial information based on the process of recording, classifying, summarizing a financial transaction.

According to Government Regulation No. 71 of 2010 article 1 paragraph (3) about government accounting standards, abbreviated as SAP, are accounting principles applied in preparing and presenting government financial reports. Statement of Government Accounting Standards, abbreviated as PSAP, is SAP with the title number and effective date. PSAP No. 07 is a government accounting standard for accounting for fixed assets. The purpose of this standard is to regulate the accounting treatment for fixed assets including the recognition, determination of the carrying amount, and the determination and treatment of revaluation and carrying value of fixed assets. This standard statement is applied to all government units that present general purpose financial statements and
regulates their accounting treatment, including the recognition, valuation, presentation, and disclosure required.

Fixed assets according to PSAP No. 07, is a tangible asset that have a useful life of more than 12 (twelve) months to be used, or are intended to be used in government activities or utilized by the general public. Based on PSAP No. 07, fixed assets are classified based on similarities in nature or function in the operating activities of the entity. The classification of fixed assets is as follows: (1) Land; (2) Equipment and Machinery; (3) Buildings; (4) Roads, Irrigation, and Networks; (5) Other Fixed Assets; (6) Construction in Progress.

2.2 Previous Research

Engka (2017) with the title Analysis of the Application of PSAP No. 07 about Fixed Assets Accounting at the North Sulawesi Provincial Government Education and Training Government institutions office, shows the results that the North Sulawesi Provincial Government Education and Training Government institutions in the classification, recognition, measurement/assessment, expenditures after acquisition, depreciation, termination and disposal, and disclosure of fixed assets are in accordance with the Statement Government Accounting Standards (PSAP) No. 07.

Development is a systematic and continuous effort made to realize something that is aspired. Development is a change towards improvement. Changes towards improvement require the mobilization of all human resources and reason to realize what is aspired. In addition, development is also very dependent on the availability of natural resource wealth. The availability of natural resources is one of the keys to economic growth in an area. (Shah, M. et al. 2020)

Safitri (2017) with the title Analysis of Fixed Asset Accounting Treatment Based on PSAP No. 07, shows the results that in terms of recognition, measurement, termination and disposal, and disclosure of fixed assets in the Financial Statements of Fixed Assets in this study have been carried out in accordance with PSAP No. 07, while depreciation was only carried out in 2014 while revaluation of fixed assets was not carried out in accordance with PSAP No. 07.

III. Research Methods

This research was made using a qualitative research method, where the author tries to understand a case or event according to the author's own perspective which compares it with theory, previous research and applicable standards. This research is descriptively done to evaluate the application of fixed asset accounting at the North Sumatra DJKN Regional Office in accordance with PSAP No. 07 about Fixed Assets Accounting.

The subject of this research is the North Sumatra DJKN Regional Office with the object of observation is the Assets Report of the Assets User Authorization (LBMN KPB) for the first semester of 2021 (January to June 2021).

The types of data used in this research are quantitative data and qualitative data. Quantitative Data is the LBMN KPB of North Sumatra DJKN Regional Office for the first semester of 2021 which includes 1) Balance Sheet, 2) Inventory Report, 3) Fixed Asset Report 4) Construction Under Progress Report (KDP), 5) Intangible Asset Report (ATB), 6) Report on Historic Assets, 7) Report on Condition of Assets, 8) Report on Depreciation, 9) Report on Government Aid Assets whose Status has not been Determined (BPYBDS), and 10) Note on Report on State Property. Other supporting data related to the management of fixed assets is the conformity form for the use of BMN in accordance with
the Standards for Assets and Standards of Requirements (SBSK). The percentage of conformity of SBSK is one indicator of the effectiveness of the use of BMN in the form of fixed assets, especially land and buildings owned by government institutions. The calculation of the SBSK conformity percentage is carried out by the Assets Manager in this case is the Medan State Assets Service Office (KPKNL) which was sent by the North Sumatra DJKN Regional Office as UAKPB in 2020 and 2021. The SBSK form contains the latest information regarding the status, dimensions and condition of land and building owned by the North Sumatra DJKN Regional Office.

Qualitative data in the form of observations and interviews with several sources related to the application of fixed asset accounting at the North Sumatra DJKN Regional Office in accordance with PSAP No. 07 about Fixed Assets Accounting. Observations are carried out by observing activities related to the administration of fixed assets, physically and administratively. In terms of interviews, the sources are: people who are directly in charge of the administration of fixed assets, officers at the assets management government institutions and officers at the assets management government institutions at the regional level. Interviews were conducted to find out the problems and obstacles faced related to the management and administration of fixed assets. In addition, data collection related to organizational structure, duties and functions and policies taken by unit leaders in managing fixed assets is also carried out.

The source of data in this study is primary data obtained directly at the North Sumatra DJKN Regional Office in the form of observations, interviews and direct documentation of information related to the organization and the BMN UAKPB report which presents the application of fixed asset accounting according to PSAP No. 07.

Data collection procedures are carried out by: 1) documentation, by taking data in the form of information and reports that are deemed necessary to be able to support evaluation research on the application of fixed asset accounting. 2) observations and interviews, with the author making direct observations on fixed asset administration activities, while interviews by compiling a list of questions and giving it to the officer responsible for recording fixed assets at the North Sumatra DJKN Regional Office. The author compiled a list of activities that became the object of observation and questions related to the administration of fixed assets and problems related to the process of administering fixed assets, both in terms of conformity with government accounting standards and with matters related to policies in the management of fixed assets.

Data analysis was carried out using descriptive analysis method with a focus on the application of fixed asset accounting at the North Sumatra DJKN Regional Office, by comparing the suitability of its application with PSAP No. 07 about Fixed Assets Accounting and identify problems that arise in its implementation. The analysis process starts from: 1) data collection, 2) analysis of the data that has been collected, 3) comparing the suitability of the application of fixed asset accounting according to PSAP No. 07 and identify problems, 4) make results and conclusions of the analysis.

IV. Research and Discussion

4.1 Research result

Fixed asset administration activities at the North Sumatra DJKN Regional Office as UAKPB are carried out by the General Section, Administrative/Household Subdivision (TURT Subsection) which are carried out directly by asset administration officers or BMN operators. The recording of BMN of fixed assets uses the SAKTI application to make it easier to record BMN. To ensure the accuracy of recording fixed assets, the North Sumatra
DJKN Regional Office reconciles fixed asset data with the Budget User Authorization Accounting Unit (UAKPA) which is carried out every month. The North Sumatra DJKN Regional Office also conducts a periodic physical inventory at least every semester to ensure that the condition of fixed assets is presented correctly. The BMN report is prepared with semiannual and annual periods. The reporting mechanism for government institutions (Government Institutions Accounting System) in stages can be described as follows:

![SAI Reporting Mechanism Diagram](image)

**Figure 2. SAI Reporting Mechanism**

Reporting on State Property Reports (LBMN) at the North Sumatra Regional Office of DJKN is carried out in stages starting from UAKPB to the ministry level. At each reporting level, reconciliation is carried out with the Budget Manager to ensure the correct value in the fixed asset recording application system.

The evaluation was carried out by comparing the application of fixed asset accounting at the North Sumatra DJKN Regional Office through several indicators, such as: classification of fixed assets, recognition of fixed assets, measurement of fixed assets, depreciation of fixed assets, revaluation of fixed assets, termination and disposal of fixed assets, and disclosure of fixed assets in the financial statements.

The results of the research and evaluation that have been carried out by the author on the suitability of the application of fixed asset accounting at the North Sumatra DJKN Regional Office based on PSAP No. 07 is as follows:
<table>
<thead>
<tr>
<th>No</th>
<th>Indicator</th>
<th>PSAP No. 07</th>
<th>KANWIL DJKN SUMUT</th>
<th>Suitability</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Classification</td>
<td>Classification of fixed assets: land, equipment and machinery, buildings and structures, roads, irrigation and networks, other fixed assets, construction in progress</td>
<td>Classification of fixed assets: land, equipment and machinery, buildings and structures, irrigation and networks, other fixed assets, construction in progress</td>
<td>Suitable</td>
</tr>
<tr>
<td>2</td>
<td>Recognition</td>
<td>Criteria: tangible, have a useful life of more than 12 (twelve) months, the cost of the asset can be measured reliably, is not intended to be sold in the normal operations of the entity, acquired or built with the intent to use</td>
<td>Meets the criteria for useful life according to KMK No. 295 of 2019 about the useful life table, fixed assets are recognized after the legal proof of ownership has been transferred, not intended for sale and only used to support office operational activities.</td>
<td>Suitable</td>
</tr>
<tr>
<td>3</td>
<td>Measurement</td>
<td>Fixed assets are valued at cost. If the valuation of fixed assets using acquisition cost is not possible, the value of fixed assets is based on the fair value at the time of acquisition.</td>
<td>Measurement is based on valid proof of purchase that shows the overall cost of purchase. The acquisition of fixed assets from the Head Office is also accompanied by documents that can identify the acquisition cost. The policy in recording/recording BMN acquisition data is inputted based on the Minutes of Receipt of Assets. This is done to ensure that the inputted BMN data matches the actual conditions.</td>
<td>Suitable</td>
</tr>
<tr>
<td>4</td>
<td>Depreciation</td>
<td>The depreciation value for each period is recognized as a deduction from the carrying amount of fixed assets in the balance sheet and depreciation expense in the operating</td>
<td>Fixed assets are depreciated on a straight-line basis every semester over their useful lives. The useful period is determined by the Minister of Finance.</td>
<td>Suitable</td>
</tr>
<tr>
<td>5</td>
<td>Revaluation</td>
<td>Revaluation or revaluation of fixed assets is generally not permitted because Governmental Accounting Standards adhere to asset valuation based on acquisition cost or exchange price. Deviations from this provision may be made based on nationally applicable government regulations.</td>
<td>The revaluation of fixed assets was carried out in 2017 to 2018 based on the Presidential Regulation of the Republic of Indonesia No. 75 of 2017 and Minister of Finance Regulation No. 118 of 2017 about Guidelines for the Implementation of Revaluation of State Property</td>
<td>Suitable</td>
</tr>
<tr>
<td>6</td>
<td>Termination and Disposal</td>
<td>An item of fixed assets is eliminated from the balance sheet when it is disposed of or when the asset is permanently discontinued and there are no future economic benefits. Fixed assets that are permanently discontinued or disposed of must be eliminated from the Balance Sheet and disclosed in the Notes to the Financial Statements. Fixed assets that are discontinued from active use by the government do not meet the definition of fixed assets and must be transferred to other assets according to their carrying amount.</td>
<td>List of Assets with Severely Damaged conditions that have been proposed to be removed to the Assets Manager. Based on the SBSK form in the first semester received by the property manager, there are buildings that are in a heavily damaged condition and are no longer used in government operations but have not been transferred to other asset posts. There is a difference in the BMN account that has been discontinued from government operations in the amount of 1 laptop unit that has not been written off</td>
<td>Not Suitable</td>
</tr>
<tr>
<td>7</td>
<td>Disclosure</td>
<td>The financial statements must disclose for each type of fixed assets as follows: Calculation of depreciation using the help of the SAKTI application and the accumulated depreciation becomes a deduction from the carrying amount.</td>
<td>The carrying amount is obtained from the cost less accumulated</td>
<td>Suitable</td>
</tr>
</tbody>
</table>
the valuation basis used to determine the carrying amount, reconciliation of the carrying amount at the beginning and end of the period, depreciation information, etc.

depreciation. The application of depreciation of BMN in the form of Fixed Assets at the North Sumatra DJKN Regional Office was carried out starting in 2013, in accordance with the Decree of the Minister of Finance Number 53/KMK.06/2012. The fixed asset depreciation policy is based on the Minister of Finance Regulation Number 65/PMK.06/2017.

The reconciliation is carried out according to a predetermined schedule and mechanism, which results in information on beginning balances, mutations added/less, accumulated depreciation of each type of asset and mutations of other fixed assets. Monthly reconciliation begins with internal reconciliation which is carried out on a scheduled basis between BMN and Finance operators.

Source: Data Processed by Author (2021)

4.2 Discussion

From the evaluation results above, we can see that there are several findings of errors in recording fixed assets that are not in accordance with PSAP No. 07 about Fixed Assets Accounting on the termination and disposal of fixed assets. This error is indicated to occur due to the improper application of recording fixed assets and also the possibility of an error in the application system for recording fixed assets.

First, according to the results of the analysis carried out by the author on the Budget User Authorization Report - the combined semester of intracomtabel and extracomtabel positions for the first semester and also the results of the analysis of the SBSK form for the North Sumatra DJKN Regional Office which was sent to KPKNL Medan, there is 1 building unit that has been discontinued from office operation due to heavy damage. This condition is known from the SBSK form that has been sent to the Medan KPKNL as well
as a compilation report on the percentage of conformity of SBSK at the regional assets management level. This condition makes the 1 building unit excluded from the calculation of the suitability of using BMN according to SBSK. In terms of recording, in accordance with PSAP No. 07, fixed assets that are discontinued from active use by the government do not meet the definition of fixed assets and must be transferred to other assets according to their carrying values. In the results of the research on the BMN report, 1 unit of the building is still recorded in the fixed assets of Buildings. This has an impact on the presentation of financial statements that are not in accordance with actual conditions. Another impact of the improper presentation of fixed assets can lead to the potential for inappropriate policy making by government institutions leaders, because if you look at the continuity of the fixed asset management cycle at the North Sumatra DJKN Regional Office, in the next semester period, fixed assets that are discontinued must be followed up with the disposal / write-off of fixed assets. From the results of observations at the location, this error occurred because there was no system or regulatory link between the conditions reported on the SBSK form and data updating on the fixed asset recording system at the UAKPB level. In addition, from the results of interviews with BMN administration officers in the TURT subsection of the North Sumatra DJKN Regional Office, this recording error was due to the absence of a fixed asset administration policy to carry out data updating and reclassification of fixed assets immediately after the fixed assets in the form of Buildings were reported on the SBSK form. The reclassification of fixed assets is from fixed assets in the form of Buildings to fixed assets posts that are not used in government operations.

Second, it was disclosed in the first semester CalBMN of the North Sumatra DJKN Regional Office, there was a difference in the value of assets in asset posts that were discontinued from government operations due to an error in the recording system. After analyzing the BMN report and tracing the historical data of fixed assets, it was found that the asset in question was 1 laptop unit. The laptop was written off in the second semester of 2020 and an asset write-off procedure has been carried out both physically and administratively in the SAKTI application, but the carrying value of the laptop is still recorded as an initial balance in 2021 even though it has been written off. From the analysis of the reconciliation report and additional information from informants, the value of the initial balance of this asset was carried over from the previous year even though the BMN had been written off on the asset. At the time of reconciliation, it was not detected as a problem because the carrying value of 1 laptop unit was considered to be still in the asset post which was discontinued from government operations and waiting to be written off. This makes financial statement users and government institutions leaders receive inappropriate presentation of assets because of assets that have been discontinued, but have not yet been released / written off, when in fact the assets physically no longer exist.

V. Conclusion

Based on the discussion on the evaluation results, it can be concluded that the administration of fixed assets at the North Sumatra DJKN Regional Office has implemented Fixed Asset Accounting in accordance with PSAP No. 07 about Fixed Assets Accounting but with some findings of recording errors. The findings of recording errors, both caused by inappropriate fixed asset administration practices, as well as errors in the recording system, can be followed up immediately to avoid the impact of inappropriate presentation of financial statements.
For the recording of buildings that have been discontinued from government operations, the authors suggest that improvements be made in terms of fixed asset administration policies and increased supervision related to recording and reporting. Technically, the unit head can immediately make a document that forms the basis for the BMN administrative officer to carry out the procedure for transferring the recording of assets that have been discontinued by conducting an asset reclassification journal and followed by entering the asset in the list of heavily damaged assets to be immediately followed up with a proposal for the disposal/deletion of assets. The author also suggests increasing supervision over the administration of fixed assets by direct superiors in stages to maintain the accuracy of the presentation of BMN reports. For fixed assets that have been released/deleted but are still recorded, the authors suggest to immediately make an official report and input to the developer (developer) of the SAKTI application so that it can be followed up immediately to avoid the same case from happening again in the future or to other institutions that using the SAKTI application.

References


