Analysis of Depreciation of Fixed Assets and Their Use on the Performance of Medan City Government BKD Employees

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Abstract. This research was conducted to analyze how depreciation of fixed assets and their use affects the performance of Medan City BKD employees. Fixed assets are a very important thing in a company, especially Medan City government offices, because without assets, employee performance will not run well and will of course cause various operational activities in the Medan City BKD to be hampered. The data collection technique in this research uses documentation studies such as studying documents related to problems or data such as fixed asset reports at the end of 2021 which are sourced directly from the Medan City BKD. This research uses qualitative methods with a field research strategy. The research results explain that asset managers do not record depreciation of fixed assets. Therefore, the researcher analyzed and calculated depreciation using the straight line method manually in the fixed asset management report which was stated to be good, only that the facilities and infrastructure or equipment such as computers were not sufficient for the number of employees based on research results which showed that maintenance of fraudulent assets was optimal so that there were some are idle and unused computers.

Keywords: Fixed Assets, Asset Depreciation, Employee Performance.

INTRODUCTION

Depreciation of fixed assets is one of the quite interesting topics in accounting systems and processes in Indonesia which can be seen from the period and benefits of these fixed assets which are used as one of the objectives of an appropriate policy on depreciation of fixed assets. According to Mursyidi (2009: 211) which explains that depreciation of fixed assets empowers the government to obtain information about the potential fixed assets owned by the government office.

In carrying out its operational activities, every company definitely needs supporting factors. The most important supporting factor in a company is fixed assets. Fixed assets are a very important main part of government offices in the Republic of Indonesia Government Regulations, 2005, 2010, which have an economic life of more than 12 months. Fixed assets in the form of office equipment are also assets that are used as economic resources in the company's activities. Fixed assets are used to carry out the company's activities and operations, are not sold within the framework of the company's normal activities and usually fixed assets have a useful life of more than one year. Ely and Sri (2009: 247).

The Medan City Regional Personnel and Human Resources Development Agency is a part of the Medan Mayor's Office. The Medan City Regional Personnel and Human Resources Development Agency (BPKDPSDM) is a Regional Apparatus Organization (OPD) whose role is to assist the Mayor of Medan in carrying out personnel management for State Civil Apparatus (ASN) employees within the Medan City government. The main objective of the Regional Civil Service Agency is to provide the best service to the community as best as possible. One of the activities of the Regional Personnel Agency is correspondence. The correspondence process will not run well if a company does not provide fixed assets. The development of technology, especially in the world of work, has implemented work procedures with various applications. Therefore, one of the important fixed assets in the Regional Civil Service Agency office is the computers and laptops used by each employee and which are useful in supporting the correspondence process. It will be easier for employees to carry out their activities if they have adequate facilities and infrastructure.

In the development of an increasingly advanced business in offices, equipment and tools are needed, one of which is fixed assets. Every company or government office must have fixed assets, because fixed assets have a very large role in every company. Fixed assets have a contribution that has a very big influence in carrying out government governance. Fixed asset managers who do not carry out maximum processing and maintenance can hamper ineffective government activities that cannot realize government goals. Assets have measurable benefits for every company, especially the Regional Civil Service Agency, and have very significant value.

Based on the research results, it is clear that fixed assets at the Regional Civil Service Agency are stated to be well managed, but they are not sufficient or adequate, because researchers often see several employees bringing laptops from home. Insufficient fixed assets in the form of office equipment in the Medan City Government BKD have caused the level of employee performance to decrease and the level of employee discipline regarding working hours is also not in accordance with State Civil Apparatus (ASN) regulations. Depreciation of fixed assets and their use has a positive effect on employee performance at the Regional Civil Service Agency. It can be concluded that if the fixed assets are of a good type of office equipment, it will result in good employee performance, conversely if the fixed assets are of a bad type of office equipment, it will result in poor performance too.

This research was conducted with the aim of finding out clearly how depreciation of fixed assets and their use affects the performance of Medan City Government BKD employees.

THEORITICAL REVIEW

Employee Performance

Employee performance is used as a function of the interaction between ability and motivation (Robbins, 2003). In general, employee performance can be defined as a result that the employee has achieved in his work which is in accordance with certain criteria and applies to a particular job.

Shrinkage

Government Accounting Standards (PSAP No.7) defines that depreciation is used as a value adjustment related to a decrease in the capacity and benefits of an asset. Nadir (2019) also defines that depreciation is a change in value that is proportional to the decrease in capacity and the benefits of a fixed asset decrease in the long term because it is used in government operational activities, the value of the fixed asset will also decrease.

Depreciation methodwill be used in a particular problem is a result of considerations that must be collected in order to approximate as closely as possible the expected usage pattern of the asset in question. Based on the Indonesian Accountants Association (IAI) in PSAK No.16 (2014 : 16 : 9), the depreciation method used reflects the pattern of future economic benefits of the asset expected by the entity. Various depreciation methods can be used to systematically allocate the depreciable amount of an asset over its useful life.

According to Suandy (2011: 36) there are several different methods for calculating the amount of depreciation expense. PSAP No.7 Paragraph 57 explains several types of depreciation methods that can be used in the calculation process. Some of these methods are as follows:

    a. Based on time criteria, namely:

        1) Straight line method (straight line method), the straight line method is a method that bases allocation on a function of asset usage time. Based on the straight line method, depreciation costs are calculated by allocating the depreciated asset value over the asset's useful life equally for each period. The formula for calculating depreciation costs is as follows:

$$\text{Depreciation} = \frac{\text{Harga Perolehan} - \text{Nilai Sisa}}{\text{Estimasi Umur Pelayanan}}$$

2) There are two methods of decreasing (accelerated) loading, namely the sum of the year digit method and the double decleaning balance method.

b. Based on usage, namely:

1) Working hours method (service hours method), the working hours method is based on the idea that the asset will decrease in value or be damaged if it is used completely frequently and when compared with less frequent use. Therefore, depreciation calculations will be calculated based on working hours.

Depreciation $= \dfrac{\text{Harga Perolehan} - \text{Nilai Sisa}}{\text{Taksiran jam kerja}}$

2) The basic theoretical unit of use method used is that an asset is owned to produce products, so depreciation is also based on the number of products that can be produced.

Depreciation $= \dfrac{\text{Harga Perolehan} - \text{Nilai Sisa}}{\text{Taksiran Hasil Produk (Unit)}}$

In spending funds over the period of use, the problem of depreciation is a very important problem during the period of use of fixed assets. The meaning of depreciation is not the same as the understanding in corporate economics which emphasizes that depreciation is the conclusion for the purchase of fixed assets that will come after the old fixed assets can no longer be used. In accounting, reserves can be made for a specific purpose, including the purchase of fixed assets. Reserves or savings are referred to as funds provided in a separate post which are said to be for certain purposes. What is meant by depreciation is a reduction in value caused by use, obsolescence, physical deterioration, the passage of time or changes in costs that become expenses of a tangible fixed asset.

The journal entry for depreciation is by debiting the depreciation expense account and crediting the accumulated depreciation account.

Factors Determining Depreciation

According to Baridwan (2008:307), there are three factors that must be considered in determining asset depreciation charges each year or period, these factors are as follows:

a. Acquisition cost

This is the amount of money spent and debts incurred as well as other costs in obtaining a fixed asset until it is ready to be used and ready to be used.

b. Residual value (Residue)

The residual value of a depreciated asset is the amount received if the asset book is sold, exchanged or in other ways when the asset can no longer be used, minus the costs that have occurred when selling or exchanging it.

c. Economic age or useful life

The useful life of an asset can be influenced by various maintenance methods and the policies adopted in repairs. This useful life can be expressed in units of time period, units of production output or units of working hours. In estimating the age (useful life) of an asset, the causes of physical and functional wear and tear of an asset must be considered.

Depreciation of Fixed Assets According to Islam

Everything that humans like and own can be used and stored for the future and can be used according to Sharia. Reviewed inThe Qur'an is contained in Surah Al-Baqarah/2:254 as follows:

يَٰٓأَيُّهَا الَّذِيْنَ اٰمَنُوْٓا اَنْفِقُوْا مِمَّا رَزَقْنٰكُمْ مِّنْ قَبْلِ اَنْ يَّأْتِيَ يَوْمٌ لَّا بَيْعٌ فِيْهِ وَلَا خُلَّةٌ وَّلَا شَفَاعَةٌ ۗوَالْكٰفِرُوْنَ هُمُ الظّٰلِمُوْنَ

It means: "O you who believe!, spend some of (your) sustenance that We have bestowed upon you before the Day (of Judgment) comes in which there will be no (anymore) buying and selling, there will be no close friendship, and there will be no intercession. Those who disbelieve are the wrongdoers."

Fixed assets

Fixed assets are a source of property or wealth owned by the government and are useful for supporting the running of various operational activities ingovernment offices. Continuous operating activities in each normal activity have a useful life of more than one year whose value is said to be quite material. (Rudianto, 2012: 256).

Warren (2015:494) defines fixed assets or*fixed assets*are assets that have a long-term or relatively permanent nature, such as office equipment, machines, buildings, land, structures and so on.

In the Indonesian Accounting Association (IAI) which is based on PSAKNo.16 (2014:16.1) explains that fixed assets are tangible assets owned by a company and used in the production or provision of goods and services that are rented to other parties, or for administrative purposes that are expected to be useful for more than one period.

Based on the statement of Financial Accounting Standards No. 16 (Revised 2007), fixed assets are tangible assets obtained in ready-to-use form or built in advance, which are used in the company's activities and operations, not to be sold within the framework of the company's normal activities and usually the assets have useful life of more than one year. According to Waluyo (2012: 108) fixed assets are part of the balance sheet that is reported by management every year or every period.

Samryn (2016) states that fixed assets can be classified as company assets if the assets meet all the following criteria:

1. Has an economic and useful life of more than one year
2. Fixed assets are used to support and support the running of company activities
3. Assets have physical items that we can see directly and can touch, so we usually call them fixed assets
4. The acquisition value of fixed assets is relatively greater

Based on PSAP 07, it explains that the division of fixed assets according to type can be divided into two groups, namely:

1. Fixed assets that cannot be depreciated

    An asset that cannot be depreciated is an asset that has an economic life and an unlimited useful life. An example of this asset is land used for buildings or office buildings. Therefore, the acquisition price of the land does not need to be depreciated because the useful life of the land is unlimited and not certain.

2. Fixed assets that can be depreciated

    What is meant by depreciable fixed assets is that they have a limited useful life. These fixed assets are divided into two types, namely:

    a. Fixed assets that have a limited useful life, if the useful life ends, they can be replaced with the same or similar assets. This type of asset is allocated at cost through depreciation, such as buildings, vehicles, machinery and other equipment.

    b. If the economic life of a fixed asset has expired, this fixed asset cannot be replaced with a similar asset because its acquisition cost can be depreciated using the depreciation method. Examples include land and other natural resources.

Accountancy

Mulyadi (2015:1) explains that accounting is a process and science of recording, classifying, summarizing and presenting in certain ways financial transactions in every company or other organization and interpreting the results. Accounting is also a process and activity in identifying, classifying, recording, processing and presenting data related to finance with the aim of making transactions easier to understand in making appropriate and correct decisions.

Government Accounting

Kustadi (2015:1) states that government accounting is a system that regulates the accounting process in managing State finances and regulates State financial supplies. In general, government accounting can be defined as a process of recording and even reporting economic transactions from a government entity which will be used as a source of information in making economic and state financial decisions from external government parties who need it.

RESEARCH METHODS

Types of research

Research on depreciation of fixed assets and its use on employee performance is qualitative research along with field strategies.

Place and time of research

This research was conducted at the Regional Personnel Agency and Human Resources Development of Medan City, Jl. Captain Maulana Lubis No.2, Petisah Tengah, Kec. Medan Petisah, Medan City, North Sumatra 20231. This research was carried out in conjunction with internship work for a period of 1 month, starting from January 16 to February 16 2022.

Method of collecting data

Data is a collection of information needed to make a decision. The type of data used in this research is qualitative data. This research source uses two types of data, namely primary data and secondary data. Primary data is data that researchers initially collected through a process where the data was collected directly at the Regional Personnel and Human Resources Development Agency of the city of Medan. Researchers have obtained primary data which was analyzed directly using interviews. There are several techniques used by researchers in collecting data, namely:

1. Interviews are an activity carried out by researchers in collecting data by conducting a question and answer system with fixed asset managers who provide data and some information needed by researchers in writing journals.

2. Observation is a method of observing directly at a stopover shop with the aim of obtaining objective and systematic data.

3. Documentation is a way of collecting data and theories in books and several written articles.

RESULTS AND DISCUSSION

Research result

Based on the results of research on depreciation of fixed assets which the author has presented in the abstract, assets are the most important resource in a company, be it offices, because assets are equipment that supports the operational activities of a company or office. The results of interviews conducted with asset management employees have stated that the system for calculating depreciation for fixed assets is carried out through the SIMDA application. The asset manager stated that he had previously never recorded depreciation because there were procedures and technical instructions for depreciation of fixed assets which had been regulated in a government fixed asset accounting policy. However, when fixed assets are disposed of, depreciation that has not been recorded for the relevant period is recorded up to the date of disposal. Depreciation at the end of 2021 has not been implemented digitally due to network problems. Fixed assets are well managed and the Regional Civil Service Agency does not record its fixed assets.

Discussion

In the following, researchers present documentation regarding fixed asset reports at the end of 2021:

<p align="center">Table 1. Final fixed asset report for 2021 period</p>

No	Asset name	Price (Rp)	The useful life
1.	Digital camera	12,527,000	4
2.	Printer (Personal Computer Equipment)	3,800,000	4
3.	Tripod Camera	1,970,000	5
4.	Laptops	19,008,000	4
5.	PC Units	11,250,000	4
6.	Iron/Metal Chairs	830,000	5
7.	Laptops	19,008,000	4
8.	PC Units	11,250,000	4
9.	External/Portable Hard Disk	2,149,000	4
10.	Printer (Personal Computer Equipment)	2,100,000	4
11.	PC Units	12,150,000	4
12.	PC Units	11,950,000	4
13	Printer (Personal Computer Equipment)	3,800,000	4
14.	Loudspeakers	4,850,000	5
15	Laptops	19,008,000	4
16.	Iron/Metal Chairs	830,000	5
17.	PC Units	11,250,000	4
18.	Iron Cabinet Filing	3,820,000	5
19.	Laptops	19,008,000	4
20.	Laptops	19,008,000	4
21.	External/Portable Hard Disk	2,450,000	4
22.	Displays	242,550,000	5
23.	Printer (Personal Computer Equipment)	2,100,000	4
24.	Printers (Image Studio Equipment)	2,500,000	5
25.	Printer (Personal Computer Equipment)	3,800,000	4
26.	Mini bus (Passengers 14 people and under)	104,000,000	7
27.	Laptops	19,008,000	4
28.	Split AC	9,150,000	5
29.	PC Units	11,250,000	4
30.	Tablet PCs	15,000,000	4
31.	Mobile Telephone	17,000,000	5
32.	PC Units	11,250,000	4
33.	Laptops	19,008,000	4
34	Laptops	19,008,000	4
35.	Printer (Personal Computer Equipment)	2,100,000	4
36.	Scanner (Personal Computer equipment)	22,400,000	4
37.	External/Portable Hard Disk	2,149,000	4

38.	Laptops	19,008,000	4
39.	LCD Project/Infocus	14,870,000	5
40.	Printer (Personal Computer Equipment)	3,800,000	4
41.	Digital camera	12,527,000	4
42.	Microphone/Wireless MIC	475,000	5
43.	Iron/Metal Chairs	830,000	5
44.	Filing bookcase for dynamic archives	7,750,000	5
45.	Iron Filing Cabinet	3,820,000	5
46.	PC Units	11,250,000	4
47.	External/Portable Hard Disk	2,149,000	4
48.	Iron/Metal Chairs	830,000	5
49	PC Units	11,250,000	4
50.	PC Units	12,150,000	4
51.	Laptops	19,008,000	4
52.	External/Portable Hard Disk	2,149,000	4
53.	Echelon II Official Work Chair	10,000,000	5
54.	Swivel chair	3,615,000	5
55	PC Units	11,950,000	4
56.	Routers	27,000,000	4
57.	Printer (Personal Computer Equipment)	3,800,000	4
58.	PC Units	11,250,000	4
59.	Dispensers	1,150,000	5
60.	Iron/Metal Chairs	830,000	5
61.	Laptops	19,008,000	4
62.	Tablet PCs	26,450,000	4
63.	Iron/Metal Chairs	830,000	5
64.	Laptops	19,008,000	4
65.	Split AC	9,100,000	5
66.	PC Units	11,250,000	4
67.	External/Portable Hard Disk	2,450,000	4
68.	Iron Filing Cabinet	3,820,000	5
69.	Tablet PCs	15,000,000	4
70.	Television	11,870,000	5
71.	External/Portable Hard Disk	2,149,000	4
72.	Laptops	32,750,000	4
73.	Scanner (Personal Computer Equipment)	2,455,200	4
74.	Sofa	7,300,000	5
75.	Printer (Personal Computer Equipment)	3,800,000	4
76.	Iron/Metal Chairs	830,000	5
77.	Split AC	9,150,000	5
78.	PC Units	11,250,000	4
79.	PC Units	11,250,000	4
80.	Laptops	19,008,000	4
81.	Laptops	19,008,000	4
82.	External/Portable Hard Disk	2,149,000	4

83.	Laptops	19,008,000	4
84.	Servers	242,384,000	4
85.	Electronic Clock	3,788,000	5
86.	Split AC	9,100,000	5
87.	Filing bookcase for dynamic archives	7,750,000	5
88.	Microphone/Wireless MIC	475,000	5
89.	PC Units	11,250,000	4
90.	PC Units	11,250,000	4
91.	PC Units	11,250,000	4
92.	PC Units	12,150,000	4
93.	Laptops	19,008,000	4
94.	Laptops	19,008,000	4
95.	Laptops	19,008,000	4
96.	Laptops	19,008,000	4
97.	Laptops	19,008,000	4
98.	Tablet PCs	26,450,000	4
99.	Iron/Metal Chairs	830,000	5
100.	Iron/Metal Chairs	830,000	5
101.	Iron/Metal Chairs	830,000	5
102.	Printer (Personal Computer Equipment)	3,800,000	4
103.	Printer (Personal Computer Equipment)	2,100,000	4
104.	Scanner (Personal Computer Equipment)	22,400,000	4
105.	External/Portable Hard Disk	2,149,000	4
106.	External/Portable Hard Disk	2,149,000	4
107.	Servers	310,972,636	4

Based on the table above, we can see that there is quite a lot of equipment in the form of computers and laptops, but based on research in the field there are several computers that are not used. The problem is stated to be a lack of monitoring, maintenance and control systems in the management of fixed assets. So some employees use their own laptops brought from home. It is feared that during the rainy season, employees will be burdened.

Based on the documentation obtained by researchers, there is no recording of depreciation of fixed assets in the asset report. Fixed asset depreciation calculations are carried out using the SIMDA application. Based on the research results, in supporting operational activities, managers still use a semi-computerized system, namely using Microsoft Excel in managing existing assets and inventory items, and researchers did not see any recording of depreciation either through certain applications or Microsoft Excel. This is said to be less efficient in terms of time, energy and costs. As technology continues to develop, it is best to make the best use of it in overcoming several obstacles or problems that are often faced in creating a system that can help manage assets,

inventory items and borrow office inventory items which are useful for preventing damage and loss.

Based on the results of research calculations, if depreciation is carried out manually using the straight line method, one example of an asset is a laptop with a purchase price of IDR 19,008,000 with an economic/useful life of four years.

Calculation of depreciation using the straight line method:

$$\text{Depreciation} = \frac{\text{Harga Perolehan} - \text{Nilai Sisa}}{\text{Masa Manfaat}}$$

$$= \frac{\text{Rp } 19.008.000 - 0}{4} = \frac{19.008.000}{4}$$

= IDR 4,752,000

So the depreciation value per year is IDR 4,752,000 for this asset.

In a fixed asset report, a policy of depreciation per semester is carried out so that the depreciation value per year is divided by 2, namely as follows:

IDR 19,008,000 : 4 = IDR 4,752,000

With the formula:

$$\text{Depreciation per semester} = \frac{\text{Harga Perolehan : Masa MAnfaat}}{2}$$

$$= \frac{\text{Rp } 19.008.000 : 4 \text{ tahun}}{2}$$

= IDR 2,376,000

If depreciation of fixed assets is carried out monthly, it can be calculated as follows:

Depreciation per month = IDR 4,752,000 : 12 months = IDR 396,000

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

Based on the results of the research above, the researcher can conclude regarding the analysis of depreciation of fixed assets and its use on the performance of Medan City Government BKD employees, explaining that asset managers do not record depreciation of fixed assets. Fixed asset depreciation calculations are carried out through the SIMDA application. The results of the research state that fixed asset management can be described as good, but the facilities and infrastructure are inadequate for the number of employees in the office. Operational activities at the Regional Civil Service Agency (BKD) with the use of fixed assets for both activities and services to the general public can run well if the equipment in the office is sufficient. There were

several employees who brought their personal laptops from home, this was due to a lack of computers and some computers could not be used due to damage.

Suggestion

From the conclusions explained above, the author provides advice to fixed asset managers of the Medan City Regional Civil Service and Human Resources Development Agency, namely that human resources or employee performance must be further improved for good operational activities to run. The quality of time discipline or working hours must be further improved to gain public trust so that it can run smoothly and there are no other inhibiting factors because time is one of the most important factors in this case. Depreciation of fixed assets should be recorded and presented in a report even though network factors do not support using the application. It is better for asset managers to calculate depreciation manually and use the straight line method.

Pay more attention to managing data, especially recording depreciation of fixed assets, maintaining assets and their use in order to create good operational activities. Quality and appropriate asset data reports will increase accountability and the availability of adequate human resources, this is one of the main factors in maintaining the success of office work.

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