

Analysis of Application PSAP 07: Accounting of Fixed Assets in Badan Narkotika Nasional (BNN) Kabupaten Buleleng

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ABSTRACT

Good government is the government that presents its financial statements based on the Government Accounting Standards contained in PSAP No. 07 and reported in a transparent and accountable manner. One of the elements contained in the financial statements is fixed assets. Fixed assets are assets owned by government institutions that are used for government activities and are not for sale. This study aims to analyze the suitability of the treatment of fixed assets in one of the government institutions in Buleleng Regency, namely the National Narcotics Agency or Badan Narkotika Nasional (BNN) with PSAP No.07 on fixed assets. The data collecting method in this study was through observation, interviews, and documentation. Researchers made observations by asking the research object, in this case, the manager of the State Property or Badan Milik Negara (BMN). The data that has been collected is then analyzed using descriptive analysis techniques. Sources of data used by the researchers are secondary data and primary data. Secondary data is indirectly obtained sources of data, such as journals, books, and the internet. While primary data is data obtained from observations and interviews with managers of BMN which in this case is appointed to manage fixed assets.

Keywords: *Badan Narkotika Nasional, Fixed assets, Statement of Government Accounting Standard No.07.*

1. INTRODUCTION

Government urges to present a financial report transparently and accountably. This implies for the government to convey information to the related parties such as internal and external parties. [1] One of the information that has to be served by the government is financial-related information which can be presented in the financial report. [2] The government financial report is a historical note that can be used to see the government's present and previous condition, also to evaluate the government performance based on its financial. [3] Based on the *Pernyataan Standar Akuntansi Pemerintahan* (PSAP) No. 01 the year 2010, the financial report that described the financial position of an entity, related assets, obligation, and equity on a certain date called a balance sheet [4]. One of the elements contained in the balance sheet is assets. [5] According to Mulyadi, 2008, a fixed asset is a company's wealth that has shape, and economical benefits more than a year that is used for carrying out activities for an entity and not for resale. [5] Meanwhile, PSAP (*Pernyataan Standar Akuntansi Pemerintahan*) No 07 year 2010, an asset is economical resources which managed and owned by the government as the result of past events which

hoped to earn economical benefits for the future, both by the government and the society and also can be measured by the unit of money, including nonfinancial resources that use for service provision for the society and other resources that maintained as the result of history and cultural reason. [6] Recognition and acquisition, as well as depreciation and disclosure of fixed assets in the government sector, are explained in PSAP (*Pernyataan Standar Akuntansi Pemerintah*) No. 07 year 2010 concerning fixed assets. [7] Based on the Government Regulation of Republic Indonesia number 71 year 2010 concerning the standard of Government accounting, the recording of fixed assets on an accrual basis, in which the fixed assets are recognized when the transaction occurs.[8] Accrual basis accounting can fulfill the aim of managerial reporting and financial control. That standard is one of the guidelines used in fixed assets recording that is implemented for the entire government agency that presents financial reports [9]. However, the implementation of the accrual basis government accounting cannot be separated from some obstacles, including the complexity of financial reports and the government's condition. One of the government agencies is the National Narcotics Agency or *Badan Narkotika Nasional* (BNN) of Buleleng regency. BNN is under

President non-ministerial government agency which has some duties such as to prevent, eradicate the misuse of narcotics. The Buleleng National Narcotics Agency was formed in 2018. [10] In carrying their duties, the support of adequate infrastructures facilities at least become the fixed assets of the BNN Buleleng in accordance with the national regulation in terms of assets management, which certainly guided by Government Regulation No 71 year 2010, with PSAP as the reference. [11] Based on the observation that has been done, the assets management in BNN Buleleng was done by a government employee or *Pegawai Negeri Sipil* (PNS) who served as manager of State Property or *Barang Milik Negara* (BMN) in general sub-section. Based on the result of the interview that has been done with the BMN manager, the total of fixed assets owned by BNN of Buleleng regency is Rp. 1.842.871.544.-.

The currently used land, office building, machinery, electrical equipment, and vehicle for the operational use of BNN of Buleleng regency were gained from the Regional Government of Buleleng regency. The useful life of those assets has been utilized for more than 12 months or since the BNN of Buleleng regency was formed (3 years). The recording and reporting of fixed assets of BNN were using the State Property Management and Accounting Information System or *Sistem Informasi Manajemen dan Akuntansi Barang Milik Negara* (SIMAK) which has been set by the Minister of Finance of the Republic of Indonesia. One of the problems that occur is that the questionable management accountability of the assets used in carrying out the operational activities of Buleleng regency BNN obtained from the local government which has been used for more than 12 (twelve) months. Therefore, the researcher analyzed the treatment of fixed assets at BNN Buleleng Regency by comparing the actual situation with the provisions of PSAP number 07 of 2010.

2. METHOD

The research method that used in this study is descriptive of qualitative. According to Sugiyono (2017), the descriptive method is a method that use to describe and analyze the result of the research without making broader conclusion. [12] In this study, the researcher analyzed the treatment of fixed assets starting from the recognition, the acquisition, the measurement, the depreciation, as well as the presentation and disclosure in the balance sheet of the Buleleng regency BNN. The researcher also whether the implementation of the treatment already matched with the applicable government accounting standard that is PSAP no 7 year 2010 concerning fixed assets which contained in the Government Regulations No 71 year 2010. The data collection method in this study was done through observation, interview, and documentation. The researchers have done the observation to the research

object by interviewing the manager of BMN. The source person in this study is the head of the Buleleng regency BNN as the responsible person of fixed assets and the manager of BMN as the manager of fixed assets. The documentation in this study was done through the document that related to the accounting treatment of the fixed assets in the Buleleng regency BNN.

3. RESULTS & DISCUSSION

The Buleleng Regency National Narcotics Agency or *Badan Narkotika Nasional Kabupaten* (BNNK Buleleng) is a non-ministerial government agency or *Lembaga Pemerintahan Non-Kementrian* (LPNK) that has government duties in preventing, eradication of abuse and illicit trafficking of narcotics, psychotropics, precursors, and other addictive substances, except for addictive substances for tobacco and alcohol. The organization structure of BNNK Buleleng consists of the head of BNNK, the general subsection, the exterminator section chief, the rehabilitation section chief, the P2M section chief, and other functional positions. The making of the periodic reports relating to the recording of fixed assets of the Buleleng BNNK is responsible by the general subsection [10].

3.1 The Overview of the Classification of Fixed Assets at BNNK Buleleng

In line with PSAP No 07, fixed asset is classified based on the similarities of its nature and function in the operation of an entity. The classification of fixed assets such as land, equipment and machinery, building, street, irrigation and network, and other fixed assets also the progress construction. The fixed assets that are no use for the government operational is not fulfilling the definition of a fixed asset that should be presented on the other assets in line with the recorded value. Based on the result of the interview that has been done to the asset manager, the fixed assets on BNNK Buleleng are already classified based on the similarities of their nature and function in the operation activities, which consist of (1) Land: including the land that use as the office building, (2) Equipment and machinery: office equipment, table and chair, cupboard, car, and motorbike, (3) Building: covers the building as the workplace in which ready-to-use for the government activities and public services. The accounting policy of BNNK Buleleng in classifying its fixed assets is under the theory that fixed assets are classified based on the similarities of its nature and function on the operation activities. An overview of the conformity review in the classification of property, plant, and equipment can be seen in Table 1.

Table 1. Fixed Asset Classification Suitability Review

Item	Difference		Suitability	
	Based on BNNK Buleleng	According to PSAP No 7 year 2010	Yes	No
Fixed Assets Classification	The types of fixed assets of BNNK Buleleng such as land, equipment and machinery, buildings and buildings, and vehicles	Fixed assets are classified based on similarities in their nature or function in the operating activities of the entity	√	

3.2 The Overview of Fixed Asset Recognition at BNNK Buleleng

Based on PERKA No 7 year 2019 concerning the management of State Property or *Barang Milik Negara* (BMN), the evaluation or the recognition of the fixed assets of BNNK Buleleng is based on the objective and relevant data by using the accrual basis method. An accrual basis is an accounting basis in which the economical transaction and other events are recognized, recorded, and presented on the financial report at the time of the transaction, without concerning the cash or cash equivalents received or paid. The fixed assets on BNNK Buleleng are recognized as fixed assets if they have benefit time for more than 12 months which is determined by evaluating the economic benefit that can be given in the future and not for sale. Based on the interview result that was done with the asset manager, an asset that is purchased, its existence is recognized at the time of the receipt of the purchase note and at the time of the delivery of the goods. That fixed asset is valued based on the cost that can be measured reliably. If the cost is not possible, the evaluation of the fixed asset is based on the fair value of the acquisition. The fixed assets of BNNK Buleleng are not intended to be a sale on the normal operation of the entity and built with for use intention. The acquisition of the fixed assets can be done through purchase, construction, asset exchange, grants or donation, etc.

Relating to the fixed assets that were granted to the BNNK Buleleng, a Minutes made by the grantor. The local government in this case grants some fixed assets in form of land and buildings in 2020 for BNNK Buleleng. Based on the Minister of Finance Regulation of Republic Indonesia No 271 year 2011 concerning accounting system and the grant financial reporting, the granted assets in form of goods, the statker parties or in this case the asset manager recording those assets on the agreed amount which presented in BAST or based on the fair value. This is in accordance with the evaluation of fixed assets such as land and building that have been granted for BNNK Buleleng.

BNNK Buleleng also obtained vehicles and equipment as their fixed assets from the local government of Buleleng in 2018 which has not yet been granted. The local government only gave usufructuary rights for the given fixed assets. This presented on the Minute of Goods Handover or *Berita Acara Serah Terima Barang* (BAST) that has been signed by the secretary of the Buleleng local government and the head of BNNK Buleleng. The presented assets on this BAST have no value and are not recognized as fixed assets on the balance sheet of BNNK Buleleng, yet their depreciation is responsible for BNNK Buleleng. This is not in line with PSAP 07 in which the fixed assets should be recognized when their future economic benefit can be gained and its value can be measured reliably. The fixed assets can be recognized as fixed assets if they fulfill some criteria such as (1) tangible, (2) having a useful life of more than 12 years, (3) the obtained cost can be measured reliably, (4) It is not intended to be on sale on entity normal operation, and (5) gained and built for use. The recognition of fixed assets is reliable if the fixed assets have been accepted or the ownership rights have been handed over, or when there is a change of control over the fixed assets. The recognition of fixed assets can be reliable when there is evidence of the ownership rights hand over and/or legal possession. An overview of the conformity review in the classification of property, plant, and equipment can be seen in Table 2.

3.3 The Overview of Acquisition and Measurement and Fixed Assets

Based on the interview that has been done, the acquisition of the fixed assets of BNNK Buleleng was done by direct purchasing and grant. The recording of the purchased fixed assets measured in line with cash price issued by BNNK Buleleng. It is recorded at the estimated or reasonable market price at the date of recognition based on cost. This fixed assets' treatment is already matched with the standard as well as the acquisition recording from the direct purchase. The treatment of the fixed assets from the grants or given by other parties outside the government is recognized at the cost of the acquisition as recorded by the giver parties. If the

Table 2 The Fixed Assets Suitability Review

Item	Difference		Suitability	
	Based on BNNK Buleleng	According to PSAP No 7 year 2010	Yes	No
The recognition of fixed assets	Fixed assets in form of equipment and vehicle obtained from the Buleleng local government in 2018 which is not recognized by BNNK Buleleng.	Fixed assets are recognized when their future economic benefit can be gained and their value can be measured reliably.		√

Table 3. Review of fixed assets acquisition suitability

Item	Difference		Suitability	
	Based on BNNK Buleleng	According to PSAP No 7 year 2010	Yes	No
Acquisition by direct purchase	The fixed assets are measured using the acquisition cost or the fair cost if there is no acquisition cost.	The fixed assets are valued using the acquisition cost or the fair cost.	√	
The acquisition from grants or donations.	The fixed assets measured by the grantor, in this case, is the local government of Buleleng	The assets are measured at the fair cost at the acquisition and valued by the evaluator.		√

Table 4. Review of fixed assets acquisition suitability

Item	Difference		Suitability	
	Based on BNNK Buleleng	According to PSAP No 7 year 2010	Yes	No
The depreciation recognition	Annual	The day of use, the month of use, semester, annual.	√	
Depreciation method	Straight-line method	The straight-line, multiple-declining, and sum-of-the-year method	√	

acquisition cost cannot or hard to identify, therefore the fixed assets will be recorded or valued at the fair cost of the market. The overview of the conformity review in the measurement of fixed assets can be seen in Table 3

3.4 The Overview of Depreciation of Fixed Assets

Based on the PSAP year 2016, depreciation is the systematic allocation of the fixed assets' value that can be depreciated (depreciable assets) as long as its benefits time. The benefit time of the depreciable assets must be overviewed periodically and if there is a big difference from the previous estimation, the adjustment should be done for the current and the next depreciation period. The depreciation value for each period is recognized as a

deduction from the value of the fixed assets that are recorded on the balance sheet, and it is also the depreciation expense on the operational report. Based on the interview with the fixed asset manager of BNNK Buleleng, the depreciation of the fixed assets was done with the straight-line method with the recognition from the depreciation expense once a year. The depreciated fixed assets on BNNK Buleleng are equipment, machinery, building, meanwhile, the fixed assets in form of land, plants, also on progress construction are not depreciated. This in accordance with PSAP 07 year 2016 that states other than land and construction in progress, all property, plant, and equipment are depreciated according to the nature and characteristics of the assets. The Summary of conformity review in depreciation of fixed assets can be seen in Table 4.

Table 5. Review of the suitability of the presentation of fixed assets

Item	Difference		Suitability	
	Based on BNNK Buleleng	According to PSAP No 7 year 2010	Yes	No
The presentation of fixed assets	The fixed asset is presented on the balance sheet without comparing it with the previous year.	The fixed asset is presented on the balance sheet and compared with the value from the previous year.		√
The disclosure of fixed assets	The recording of the financial report already reveals all related assets.	There is a disclosure that should be done.	√	

3.5 Overview of the Presentation of Financial Statements

Based on PSAP No 07, the fixed assets presented on the balance sheet with classification: land; equipment and machinery; building, street, irrigation, and network; other fixed assets; on progress construction. The presentation is required by adjusting the asset value presented in the current year with the value presented in the previous year. The fixed assets account name on the BNNK Buleleng balance sheet has referred to the PSAP 07, although the presentation is not yet appropriate as in the PSAP. This is because, on the presentation of the fixed assets, BNNK is not comparing with the balance of the previous year. After being traced, the value of the fixed assets presented on the balance sheet is in accordance with the presented data on the financial report, such as :

The evaluation base that is used is for determining the carrying amount.

- a) Reconciliation that was done once in 6 months showed: additions, disposals, accumulated depreciation, and changes in value if any, as well as other fixed assets mutations.
- b) The depreciation information such as the depreciation value, the use depreciation method, benefit time or the depreciation rate used, also the top of the gross carrying amount and accumulated depreciation at the beginning and end of the period.

The overview of the conformity on the presentation and disclosure of fixed assets can be seen on Table 5.

4. CONCLUSION

Based on the results of the study and discussions that have been done in analyzing the application of the Statement of Government Accounting Standards (PSAP) No. 07 concerning accounting for fixed assets at BNNK Buleleng, can be concluded that the classification of fixed assets at BNNK Buleleng is matched with PSAP No. 07 which is classified based on the nature and function consisting of land, equipment, and machinery, and buildings. The recognition of ownership of fixed assets at BNNK Buleleng is in accordance with PSAP

No. 07, in which the right of ownership of the fixed assets is received/handed over and marked by the minutes of the handover of the fixed assets to the BNNK Buleleng. Also, the recognition of fixed assets of BNNK Buleleng is not matched with the applicable government regulations. This is because fixed assets in the form of equipment and vehicles obtained from the Buleleng Regency Government in 2018 were not recognized by BNNK Buleleng.

The measurement of fixed assets at BNNK Buleleng is in accordance with PSAP No. 07, in which using the cost or fair price if the acquisition cost. The evaluation of fixed assets gained from grants at BNNK Buleleng, is carried out by the grantor. This is not in accordance with PSAP 07 which states that fixed assets are measured at fair value at the acquisition and are valued by an independent appraiser who is certified in the field of asset valuation. Lastly, recognition of depreciation and depreciation method applied at BNNK Buleleng is based on PSAP No. 07.

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