

Analysis of Service Department Employee Declaration Procedures at Heavy Equipment Distributor Companies

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Abstract. This research analyzes employee declaration procedures in the Service Department of one of Surabaya's heavy equipment distributor companies. The research aims to understand the placement process and employee declaration procedures and identify the obstacles faced in their implementation. The research method is descriptive qualitative, with data collection techniques conducted through observation and interviews with related parties. The research results show that the employee declaration procedure is well structured. However, there are still challenges regarding waiting time for the disbursement of funds and the timeliness of submitting declarations by employees. This research implies the need for increased coordination and use of technology to speed up the verification process and disbursement of declared funds.

Keywords: Procedures, Employee Declarations, Effectiveness.

I. Introduction

Heavy equipment distributor companies play an important role in providing a wide range of heavy machinery and equipment to various business sectors such as construction, mining, and forestry. One of the main departments of this company is the Service Department, which is responsible for ensuring that each heavy equipment unit operates properly through routine maintenance and timely repairs. Wibowo and Farizi (2023) explain that in the heavy equipment industry, effective and efficient management is essential to ensure that each unit of heavy equipment operates optimally. In addition to ensuring the existing equipment, companies must also realize that the human element in a company is very important in increasing the competitive advantage of the company (Nainggolan & Patimah, 2020). In managing the human element, companies incur costs that are classified as operational costs. Pasaribu and Hasanuh (2021) define operational costs as costs that continue to be incurred by the entity, which are not related to products but are related to the company's daily operational activities. Well-managed operational costs are also very important because they directly affect the company's financial health. One of the things included in these operational costs is declaration costs.

Beddu and Fadrijah (2022) define a declaration as a statement, disclosure, information, or other speech act intended to relate the content of the proportion to the actual situation. In managing the declaration, there is an employee declaration procedure that must be carried out appropriately within the company's scope. Wijaya and Irawan (2018) define procedures as sequences of clerical work involving several people arranged to ensure the same treatment for handling repetitive company transactions. This process is important for managing employee-related expenses because it ensures that all employee data is recorded accurately and timely. Employee declarations can improve operational efficiency and help companies achieve their financial goals because this procedure is very important for cost control and financial efficiency. Naufal et al. (2024) explain understanding the effect of operational cost management on financial performance is crucial to ensuring company sustainability and growth. Therefore, understanding the declaration procedure will ensure timely payments and ensure transparent financial reporting.

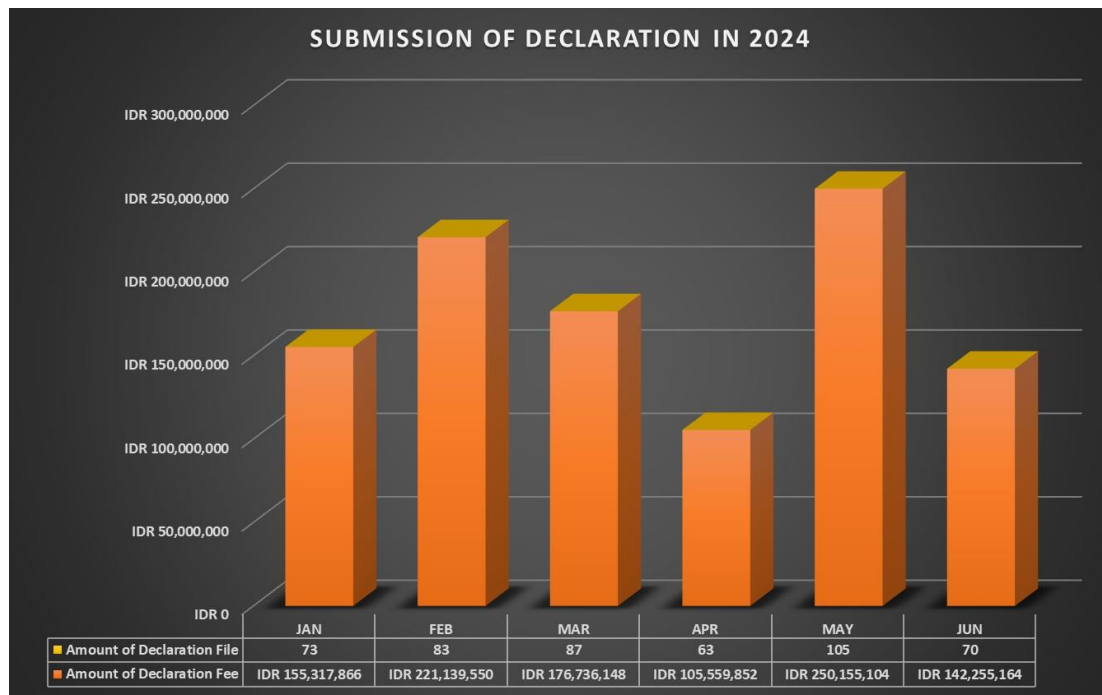


Figure 1. Submission of Service Department Employee’s Declaration

The total cost of declarations and the total declarations submitted by service department employees in this company during the first six months of 2024 are shown in the graph above. Employees filing declarations increased from January to March, then fell in April. The peak in the total number of employees submitting declarations and the total costs of these declarations occurred in May, but there was a decline again in June.

Problems often encountered in employee declaration procedures include inaccuracies and untimeliness in submitting and disbursement declaration funds. Inaccuracies in expense reports can lead to financial recording errors, while untimeliness in the disbursement process can cause delays that impact employee operations. These problems can impact the company's financial statements because they reduce transparency and can lead to discrepancies in the company's final financial statements. Saadah (2018) states proper financial information in financial statements is highly dependent on audit quality. Therefore, accuracy in declaration procedures is essential to support the audit process and ensure compliance with accounting standards. Implementing accurate and timely declaration procedures not only improves financial transparency and accountability but also supports the company's operational efficiency. To achieve efficiency in managing the company's financial operations, several ways must be involved (Putri & Syafina, 2023).

Sagala et al. (2020) explained that for companies, implementing information transparency will encourage improved services, increased performance, and accountability for company performance. It is important to understand this process from an accounting perspective because effective and efficient management of employee travel expenses can improve the accuracy of financial records, support the audit process, and ensure compliance with accounting standards. In this way, companies can increase financial transparency and accountability and optimize operational efficiency.

The purpose of this research is to explore various aspects related to the submission of declarations by service department employees at heavy equipment distributor companies. Firstly, it aims to understand the procedure for issuing declaration costs within these companies. Additionally, the research seeks to evaluate the effectiveness of the current submission processes. Furthermore, it will examine the efficiency of submitting these declarations to identify any areas for improvement. Lastly, the study intends to delve into monitoring and evaluating the submissions made by service department employees, ensuring that the procedures are both effective and efficient.

II. Literature Review

Procedure

Apriani and Siregar (2023) define strategy is a movement consisting of a grouping of administrative activities, which usually affects several groups in at least one office, which is made to ensure uniform treatment of corporate exchanges that occur more than once. Meanwhile, Djafar et al. (2023) suggest that the procedure shows how to carry out the work of atask consisting of one or more activities written by an employee so that a series of methods put together will form a procedure.

Pratiwi and Octavia (2021) suggests that a procedure is a part of the system, which is a series of actions involving several people in one or more parts that are determined to ensure that a business activity or transaction can occur repeatedly and be carried out variously.

Cash

Kieso (2020:7) explains that cash is the most liquid asset used as a medium of exchange and the basis for measuring and accounting for other goods. This includes coins, currency, funds in bank accounts, and negotiable instruments such as money orders and checks. Cash is a means of exchange that can be accepted for debt repayment and can be accepted as a deposit to a bank with a nominal amount, as well as deposits in banks or other places that can be taken at any time (Sari, 2020).

Cash Disbursements

Cash expenditures are events related to the distribution of goods or services to other entities, and the collection of payments (Sambuaga et.al., 2021). Cash expenditures in the company are carried out with two systems, namely a cash disbursement system using checks and a cash disbursement system with cash through a petty cash fund system. Cash expenditures that cannot be made by check (usually due to relatively small amounts) (Achyani & Velayati, 2020).

The cash expenditure system is a transaction that results in a reduction in the balance of the company's cash and/or bank account, either due to cash purchases, debt payments, or other expenses (Pujiati & Shelinawati, 2022). According to Djafar et al. (2023), the cash expenditure accounting system is a series of manual or automated processes that begin with documenting, categorizing, and summarizing transactions and/or financial events and financial reporting in the context of accountability for the implementation of the APBD regarding cash expenditures to SKPD and/or SKPKD.

Effectiveness

Windiarti and Sofyan (2018) say that effectiveness is the utilization of resources, facilities, and infrastructure in a certain amount that is consciously predetermined to produce several goods for the services of the activities it carries out. Effectiveness shows success in terms of whether or not the predetermined goals are achieved. If the results of the activity are closer to the target, it means that the higher the effectiveness.

Declaration

Beddu and Fadrijyah (2022) define declaration as a form of statement, disclosure, information, or other speech acts that aim to connect the content of the proportion with reality. The declaration is a description of the costs used during the implementation of official travel, the declaration is also a description/attachment of the notes of the costs incurred during the implementation of official travel.

Official Travel

Rachmawati et al. (2018) define official travel as a letter given to an employee because the employee performs a certain task for official purposes, is outside the area, and is given certain facilities. The purpose of the official travel letter (SPD) is to complement the information for the bearer of the letter so that his work can run according to a predetermined schedule. Official travel is usually carried out for various purposes, including implementation and supervision in branch offices/companies, seminars, education and training, national work meetings, exploring cooperation, ceremonial events, social activities, and others (Indirwan, 2020).

Non-Official Travel

Non-service declaration is a reimbursement process carried out by the company to employees for various expenses incurred outside official business activities. This process is known in some companies as reimbursement, where the company reimburses the costs that have been incurred by employees for certain needs. For example, several things can be

reimbursed, namely electricity reimbursement, boarding house reimbursement, and house rent reimbursement (Pamungkas, 2023).

III. Research Method

The type of research used by researchers is descriptive qualitative. This research can be interpreted as the data collected is not in the form of numbers or numerals, so qualitative research aims to describe the temporary expectations behind the real story that occurs in-depth, in detail, and thoroughly (Sambuaga et al., 2021). The sources and data of this research are obtained directly from which are divided into two resources, namely the author will conduct interviews with interested parties from the ADM Staff Service Department (Primary Data) and through related documents or studies, such as SOP documents and company organizational structure files. To collect the data needed in this study, researchers used two techniques, namely observation and interviews.

The purpose of this study is to answer the main research question. The main research question can be answered if the mini research questions are answered.

Table 1. The Main Research Question and Mini Research Question

Main Research Question	Mini Research Question
What is the procedure for disbursing declaration costs for service department employees at a heavy equipment distributor company?	<ol style="list-style-type: none"> 1. Has the declaration been submitted effectively? 2. Has the submission of the declaration been carried out efficiently? 3. What is the monitoring and evaluation process for submitting declarations for service department employees at heavy equipment distributor companies?

Three informants who actively use declarations in the service department answered the research questions. They are Administration (ADM) Service Staff, Supervisor, and Mechanic. These three informants were chosen because they played various roles in the operations and management of the disbursement of the declaration fees.

IV. Results and Discussion

Results

What is the procedure for disbursing declaration costs for service department employees at a heavy equipment distributor company?

Interviews have been conducted with ADM Service Staff regarding the procedure for issuing declaration expenses for service employees. Questions were asked to ADM Service Staff because ADM Service Staff understand more about the declaration expense procedure.

“There is already a structural procedure there, so at the beginning of the assignment of the service soldiers, namely the mechanics at the beginning, there must be a warrant accompanied by a request for official money, a request for a duty letter. So yes, after the blah blah blah trip is done, they go home and make a report accompanied by a business trip, namely a claim, the term is the financial need for the official trip later, so the procedure after returning home is they make a report, make a declaration, signed by the authorized person through the flow all the way to the realm of personnel and there is a predetermined time lag to be replaced and it must go through the inspection stage, is it true or not. After all the requirements, sign, clear”.

Meanwhile, one of the company mechanics outlined the stages that must be passed to verify and disburse declared funds.

“We have several stages carried out, starting from checking at the supervisor or superior of each employee, then it will be revalidated again at the Dept Head or Department Head and will also be processed by the PIC in charge for declaration, like that”.

Has the declaration been submitted effectively?

Interviews were conducted with ADM Service Staff regarding the effectiveness of declaration submission. Questions were asked to ADM Service Staff because ADM Service Staff are involved in collecting and inputting the service department employee's declarations.

"all kinds of forms during the period of assignment until returning from service if that is included in the regulations and it is felt that through the examination it is really real, the process will definitely be replaced".

Interviews were conducted with Mechanics regarding the effectiveness of filing declarations. The mechanic was asked the question because he was involved in filing the declaration. The mechanic explained the main challenges in the effectiveness of filing these declarations.

"...according to the agreement, it should be a maximum of two days after the employee's official trip must make a declaration, well maybe there are some that are often missed, yes, it exceeds two days."

Has the submission of the declaration been carried out efficiently?

The interview regarding the efficiency of the declaration submission was answered by Supervisor. The question was asked to Supervisor because he verified the service department employee's declaration submission.

"...maybe between the amount of the advance payment and the deposit, there is a difference in the pause for the disbursement, which is a mechanical problem so that the disbursement is not together, as if the rest of the assignment money is hanging".

Interviews were also conducted with Mechanics regarding the effectiveness of filing declarations. The question was asked to Mechanic because he was involved in filing the declaration. Mechanic explained the main challenges in the efficiency of filing these declarations.

"...the process, which is felt by some cases, is quite long, from the time we make a declaration to submit documents until the declaration can be completed or can be closed".

ADM Service staff also explained that budget constraints and national financial management were also challenges in ensuring the efficiency of this process.

"...maybe nationally we have a limit, so to speak. Meanwhile, if we assign our department or mechanic service, there is no limit".

What is the monitoring and evaluation process for submitting declarations for service department employees at heavy equipment distributor companies?

Interviews were conducted with ADM Service Staff regarding monitoring and evaluating the submission of service department employee's declarations. Questions were asked to ADM Service Staff because monitoring of this declaration is carried out by ADM Service Staff.

"Every declaration that comes in, I immediately register it in Excel, in which there are several options such as the date of the declaration, the date the declaration was received, and the date it was received by the PIC above. So there you can see where the declaration has reached, whether it has been submitted by the PIC or is still with me".

ADM Service staff also added regarding the evaluation of this declaration submission,

".... there is a term like a policy, how much can this policy be tolerated by the company, which is the current obstacle, but as much as possible before leaving the assignee we educate us that this is our principle like this, so if the core of the obstacle is like this, avoid this even if you are deliberate, that's the risk".

Discussion

To understand the procedure for disbursing employee declaration costs in the Service Department of a heavy equipment distributor company, it is important to first review the existing mechanisms and internal policies that regulate this process. Expenditure of declaration costs, which cover various operational and administrative needs, is one crucial aspect in ensuring the department's efficiency and transparency.

FLOW PROCESS

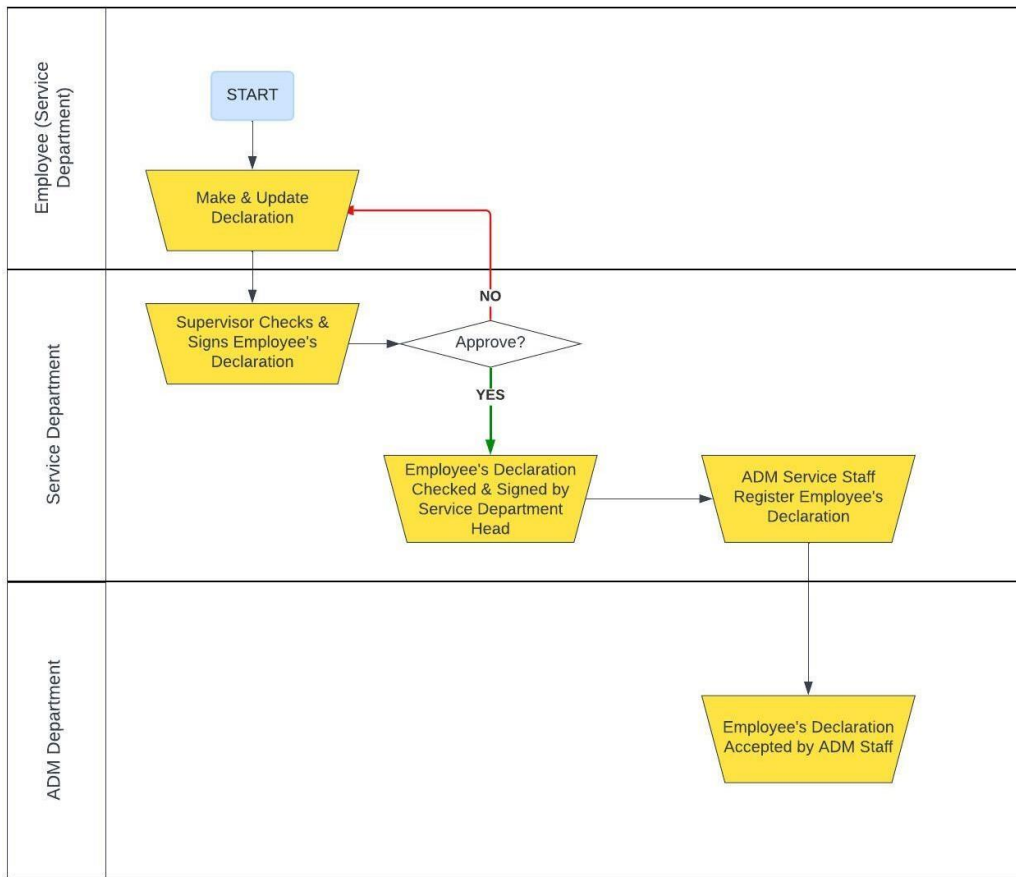


Figure 2. Flow Process of Service Department Employee’s Declaration

From the explanation of the flow process, submitting and disbursing declaration fees involves several important stages, starting with the employee who prepares and submits the declaration document to the relevant department. This document is then forwarded to the Supervisor for checking and approval. After that, the Supervisor signs the declaration, and then the SDH (Service Department Head) verifies and signs the document. Next, ADM Service staff registers the declaration in the company system. Then, the document is submitted to the ADM Staff, who is responsible according to the type of declaration submitted (Official Travel or Non-Official Travel).

Declarations for Service Department employees at this heavy equipment distributor company have been submitted effectively based on interviews with ADM Staff in the Service Department. Existing procedures include clear and structural steps, from assignments and requests for service fees to reporting and declarations. Each stage must go through verification and signature from the authorities, including the department head and personnel team, to ensure the validity and completeness of the documents submitted. However, the main challenge in this effectiveness is the timeliness of declarations by service department employees or mechanics, who sometimes need to be on time in attaching documents so that the verification and disbursement process can be hampered.

Efficiency in submitting declarations for Service Department employees in heavy equipment distributor companies is influenced by several factors. Even though the company already has well-organized procedures, such as ceilings or cost provisions for various expenses during business trips and clear verification stages, there are problems regarding lead time or waiting time for funds to be disbursed. Mechanics often face delays in disbursing declaration fees due to the time-consuming verification process and differences in the advance payment

amount submitted and received. The delay in disbursing the declaration fee often exceeds two days, whereas the actual disbursing does not take more than two days.

Conditions that may occur if the company is late in making declarations, such as profit and loss, do not reflect the company's actual state. When employee expenses are not recorded on time, the company's income statement does not reflect the actual situation. For example, if the company reports a profit of 100 million rupiahs, but of this amount, 30 million rupiahs is unpaid expenses to mechanics (employees). The actual profit is only 70 million rupiahs. This causes the company to look more profitable than it is.

Although the Service Department's employee declaration process has been effective with structured procedures and regular monitoring, challenges still occur, especially related to the waiting time for fund disbursement and late submission of documents. These delays cause the income statement to not reflect the actual situation, especially at the end of the year when the company prepares its annual financial statements. By continuously evaluating and improving procedures and using a more sophisticated automation system, the company can ensure that this process runs more efficiently, supports optimal field operations, and meets the needs of all parties involved.

V. Conclusion

This research aimed to understand the employee placement and declaration process from a company accounting perspective regarding declaration procedures in heavy equipment distributor companies. The declaration procedure increases the transparency and accountability of a company's finances and plays an important role in managing a company's operational costs. Thanks to organized and clear procedures, expenses can be recorded accurately and timely, increasing operational efficiency.

The implications of the results of this research indicate that with clear procedures, starting from assignments to document verification by the authorities, the submission of declarations by service department employees can be carried out effectively. However, overall effectiveness still depends on the timeliness and completeness of documents. To improve the efficiency of the declaration submission process, companies must collaborate more and ensure that employees can attach documents on time. This is because delays in attaching documents often become obstacles in the verification process and disbursement of funds, resulting in decreased process efficiency.

This research has limitations due to not having access to documents or internal policies that have not been published because they are confidential and only for internal company use. This can affect the completeness of the data and analysis. This research only discusses one heavy equipment distributor company branch, and the results may not apply to all types of companies. The involvement of the head office in disbursing funds makes the situation more difficult and takes longer. For further research, the scope of the research should be expanded to include more information and allow further access to relevant internal documents. To get more comprehensive and accurate results, it is recommended to use more diverse data collection methods, such as surveys and direct observation. Further research could also look at how branch and head offices can work together better to speed up the disbursement of funds.

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