



The effectiveness of internal control in the payroll accounting system Case Study at PT. Sumber Bahtera Motor Authorized Toyota Yogyakarta

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ABSTRACT

This study aims to determine whether the payroll system of PT. Sumber Bahtera Motor Authorized Toyota Yogyakarta is in accordance with theoretical studies that meet the elements of an effective and internal control system. This type of research is a case study. Data collection techniques used were interviews, documentation, and questionnaires. Data analysis techniques were carried out by comparing the theory and practice of the payroll accounting system of PT. Sumber Bahtera Motor Authorized Toyota Yogyakarta to analyze the effectiveness of internal control in the payroll accounting system using the stop-or-go-sampling method. Based on the results of the research and discussion, it shows that the payroll accounting system of PT. Sumber Bahtera Motor Authorized Toyota Yogyakarta is good. The results of the compliance test on the sample did not reveal any deviations or the number of errors was equal to 0 (zero), so AUPL = DUPL, which is 5%. Thus the internal control in the payroll accounting system of PT. Sumber Bahtera Motor Authorized Toyota Yogyakarta has been effective.

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1. INTRODUCTION

Today the competition in the business world is getting tougher. Companies must be able to find the right method in their business activities in order to be able to achieve effectiveness in their business activities so that they can compete in the business world. An increase in administrative and accounting costs encourages companies to look for the right method in carrying out these activities so that they can be done faster, better and cheaper.

Human natural resources which in a company are commonly called employees, are one of the factors supporting the smooth running of business in the company. Therefore, the determination of remuneration, which includes salary, must be considered. Payroll accounting in a company is a system, procedure and records that can be used by a company to determine precisely and accurately how much net income should be received by employees and provide salaries in accordance with positions in the company.

The large number of documents, forms and records used requires that companies have tools that can monitor the activities of the payroll accounting system. The internal control system can be used as a tool to convince company leaders that the rules used as the basis for payroll have been complied with or not. Internal control is a process influenced by the entity's board of directors, management and other personnel designed to provide reasonable assurance regarding the achievement of the following category objectives: effectiveness, operating efficiency, reliability of financial reports and compliance with applicable laws and regulations.

Payroll system is part of the accounting system in a company. In order for the system to be used to maintain organizational assets, check the accuracy and reliability of accounting data, encourage efficiency and comply with management policies, an internal control tool is needed in preparing the accounting system. With the existence of internal control tools, accurate data can be obtained so that errors and fraud can be suppressed.

Top management conducts a reassessment of internal control to find out whether it is running well and is effective (effective). If the internal control of the payroll accounting system is running well and effectively, the resulting financial reports will be more reliable. A good payroll system is expected to increase employee productivity.

Labor productivity depends on several things, one of the factors is the provision of employee salaries. To prevent unwanted things from happening, rules are needed as a basis for remuneration, such as recording the number of hours worked and the amount of production produced.

2. RESEARCH METHOD

The type of research that will be carried out by case studies is a study of certain objects with a limited population so that the conclusions drawn based on this research are only limited to the object under study and are valid at a certain time. Scope of data collection; Interview, a data collection technique that is carried out by holding question and answer directly to the person appointed to the leadership of the company. This technique is to obtain an explanation of the general description of the company and the company's trade products. Questionnaire. This questionnaire contains a series of written questions regarding the problem to be studied, in this case the internal control structure in the payroll accounting system at PT. Sumber Bahtera Motor Authorized Toyota Yogyakarta, Documentation, Data collection techniques are carried out by collecting and studying existing documents or data within the company related to the cash disbursement system in order to complete the data above. Data analysis was carried out by comparing the internal control structure that applies at PT. Sumber Bahtera Motor Authorized Toyota Yogyakarta with a theoretical basis to answer the problem formulation.

3. RESULTS AND DISCUSSIONS

Research result

1. Description of Payroll Accounting System Data at PT. Sumber Bahtera Motor Authorized Toyota Yogyakarta

Competent employees are needed at PT. Sumber Bahtera Motor Authorized Toyota Yogyakarta in supporting the smooth running of its business. Giving rewards to employees must be in accordance with their services, so a good payroll and wage accounting system is needed. Internal control is also an inseparable part of the control of the payroll accounting system. Internal control is expected to prevent and overcome fraud or errors in the implementation of payroll.

From the data obtained during the research, the following will present a description of the PT payroll accounting system data. Sumber Bahtera Motor Authorized Toyota Yogyakarta. There are sections related to the PT. motor ark source:

- a. Personnel Section, Personnel function Responsible for appointing new employees, transferring employees, terminating employees, as well as developing and fostering Human Resources for each employee.

- b. Timekeeper function, part of the timekeeper is included in the security element. The timekeeper holds the function of keeping track of time and is responsible for managing employee attendance hours.
- c. Salary and Wages Function, Responsible for the function of making payroll and responsible for setting salary rates, including benefits and deductions imposed on each employee.
- d. Administration and Finance Section, this function is responsible for the implementation of payment of salaries and bookkeeping of payroll transactions as well as various employee welfare benefits.
- e. General Journal, the general journal is used to record the distribution of salaries and wages for each department of PT. Sumber Bahtera Motor Authorized Toyota Yogyakarta. The finance department is responsible for the general journal for the distribution of employee salaries.
- f. Cost of Cost Card, Cost of Goods Card is used to record labor wages for each department.
- g. Cost Card, Cost card is used to record labor costs for each department in the company.
- h. Employee Income Card, employee income card is a record of income and deductions received by each employee. This card is also used for receipt of employee salaries, with the signature of the card by the employee concerned.
- i. Attendance time card, attendance time card is used to record employee attendance and return hours as well as overtime hours or permits, sickness when leaving work, being late for work. The time attendance card contains the employee's identity, number, section of work, month, date of absence, columns for entering and leaving work from morning to night.
- j. Salary envelope. The salary envelope contains a payslip as a receipt for the employee's salary that has been deposited through the bank to the account of each employee concerned. On the front of the salary envelope is the name and identification number of the employee concerned. Pay envelopes are then sent to each department. The salary envelope is made by the cashier as a payroll function.
- k. Attendance Time Recording Procedure, Attendance time recording is at the post office security guard at the start of work and the end of work. This is intended to facilitate employee access and supervision by security guards. The attendance list generated in this procedure is then submitted monthly to the personnel department as a support for salary calculations.

2. Payroll Accounting System Data Analysis PT. Sumber Bahtera Motor uthorized Toyota Yogyakarta

The use of a questionnaire regarding the elements of internal control in the payroll accounting system for PT. Sumber Bahtera Motor Authorized Toyota Yogyakarta is needed to obtain information regarding the appropriateness of the internal control elements of the payroll accounting system applied by PT. Sumber Bahtera Motor Authorized Toyota Yogyakarta, then to answer the first problem formulation regarding: Is the Internal Control Accounting System for payroll at PT. Sumber Bahtera Motor is in accordance with the theoretical studies that meet the elements of internal control.

The function responsible for making payroll at PT. Sumber Bahtera Motor Authorized Toyota Yogyakarta is the personnel department, while the payment of salaries is handled by the finance department. Making payroll is matched by the finance department before the process of transferring salaries to each employee's account.

The time recording function is present at PT. Sumber Bahtera Motor Authorized Toyota Yogyakarta is carried out by the security section, while the operational function is overseen by the head of the department of each employee concerned.

Table 1. Comparison table between theory and practice

The theory that meets the elements of internal control	Practice	
	Yes	No
a. Is the function of making payroll and wages separate from the function of paying	Yes	

salaries and wages?	
b. What is the timekeeping function separate from the operating function?	Yes

Every employee of PT. Sumber Bahtera Motor Authorized Toyota Yogyakarta whose name is listed on the payroll list and has a letter of appointment as an employee of PT. Sumber Bahtera Motor Authorized Toyota Yogyakarta signed by an authorized official. Thus errors or fraud can be avoided in paying salaries to employees who are not entitled.

Every change in salaries and wages of employees of PT. Sumber Bahtera Motor Authorized Toyota Yogyakarta is based on the official decision of PT. Authorized Toyota Yogyakarta Authorized Motor Bahtera Source. Thus every change in the salary of employees of PT. Sumber Bahtera Motor Authorized Toyota Yogyakarta due to changes in class and changes in salary rates must be based on a decision letter from the company leadership. Any deductions from wages other than income tax must be based on a salary deduction letter authorized by the competent authority. The time card is authorized by the concerned employee's department head. Attendance reports must be authorized by the head of personnel. Payroll and wages lists are authorized by authorized officials. The list of salary payments to employees is authorized by the head of personnel and the head of the company. Proof of cash out for payment of salaries and wages authorized by authorized officials. Proof of cash out is submitted to personnel then to the finance department for payment of salaries to employees.

The attendance hours card is compared to the hours worked card before the last card is used as the basis for direct labor cost distribution. Attendance card contains information about employees of PT. Sumber Bahtera Motor Authorized Toyota Yogyakarta comes, goes home, permits, overtime when leaving work, while the working hour card details the use of each employee's attendance. The hours card is the basis for distributing labor costs. The payroll maker function must compare the hours data on the hours card with the hours worked card so that attendance time can be accounted for. The insertion of the present clock card into the timekeeping machine is supervised by the timekeeping function. The time recording function is present at PT. Sumber Bahtera Motor Authorized Toyota Yogyakarta carried out by the security section, while the operational function is overseen by the head of the department of each employee concerned. The correctness and accuracy of calculations in making payroll and wages are verified.

Before making evidence of cash out as an order to pay salaries, the finance department must verify the correctness and accuracy of salary calculations. Thus this element of internal control guarantees evidence of cash outflows based on reliable supporting documents. Employee income cards are kept by the authorized function. In addition to functioning as an income card for a year, the employee income card also functions as a sign that the rightful employee has received a salary. The employee's income card is then sent to the payroll function to be asked for the employee's signature as a receipt of salary money. After the card is signed, it is kept by the personnel department.

Competent employees, Selection of prospective employees based on the position demanded, Selection criteria for acceptance based on position requirements. Recruitment activities go through the requirements stage in a way that each prospective employee is tested with a written test stage, the second stage is a psychological test then the third stage is an interview. The purpose of the tests carried out is to be able to guarantee competent employees. Development of employee education in accordance with developments in job demands. Development of employee quality will increase employee productivity and performance so that employees can carry out their duties properly according to their demands and responsibilities. For that PT. Sumber Bahtera Motor Authorized Toyota Yogyakarta organizes various education such as seminars, workshops, training or language or computer courses.

Table 2. Table of comparison between theory and practice of competent employees at PT. Sumber Bahtera Motor Authorized Toyota Yogyakarta

Theory that fulfills the elements of binary control	Practice	
	Yes	No

- a. Is the selection of prospective employees based on the required position? Yes
- b. Is there any employee education development in accordance with developments Yes
job requirements?

Based on the results of the questionnaire where all the answers were "Yes", it can be concluded that PT. Sumber Bahtera Motor Authorized Toyota Yogyakarta has implemented the internal control structure in the payroll accounting system properly, which is in accordance with theoretical studies to achieve effective internal control of the payroll accounting system.

The effectiveness of the internal control system in the payroll accounting system. To get answers to the second formulation of the problem, namely whether the internal control of the payroll accounting system from PT. Sumber Bahtera Motor Authorized Toyota Yogyakarta is already effective, it is necessary to test compliance with the payroll cycle at PT. Sumber Bahtera Motor Authorized Toyota Yogyakarta. Compliance testing is carried out using the stop-or-go-sampling method, namely the sampling model used when there is confidence that the estimated error in the population is very small.

This model is used as an attribute in the payroll accounting system of PT. The source of Bahtera Motor Authorized Toyota Yogyakarta is that there is a conformity of information between one document and another in payroll, namely: There is a conformity of information between one document and another in the payroll system, namely: attendance list, payroll, and proof of cash out. There are complete supporting documents for making payroll, namely: letter of appointment for new employees, letter of decision on salary rates, and letter of promotion or demotion. There are complete authorizations for each document, namely: attendance list is authorized by the personnel department, payroll is authorized by the director, proof of cash out is authorized by the director, decrees and determination of employee rates are authorized by the director.

Table 3. Stop-or-go-sampling table

Step	The sample size used	Stop if the same error occurs with	Continue to following steps if the error is the same with	Proceed to step 5 if the error is the largest
1	60	0	1	4
2	96	1	2	4
3	126	2	3	4
4	156	3	4	4

5 Use Fixed sample size attribute sampling

In the next step, a compliance test table will be presented. For more details can be seen in the following table. Presented is a compliance test table for the implementation implemented by PT. Sumber Bahtera Motor Authorized Toyota Yogyakarta, which is also to be able to see the effectiveness of the internal control of the payroll accounting system taken from the salary slips of employees of PT. Sumber Bahtera Motor Authorized Toyota Yogyakarta.

Table 4. Sample size for compliance testing

Acceptable upper precision limit	Sample size based on confidence levels		
	90%	95%	97.5%
10%	24	30	37
9%	27	34	42
8%	30	38	47
7%	35	43	53
6%	40	50	62
5%	48	60	74
4%	60	75	93

3%	80	100	124
2%	120	150	185
1%	240	300	370

According to the table above, the confidence level factor at $R = 95\%$ and the error rate = 0, the value is 3, then $AUPL = 3/60$ is 5%. If the error found = 0 and $DUPL = AUPL$, then sampling is stopped. So it can be concluded that the elements of the internal control structure at PT. Sumber Bahtera Motor Authorized Toyota Yogyakarta has been effective.

4. CONCLUSION

Based on the data obtained, the results of the analysis and discussion on internal control in the payroll accounting system at PT. Sumber Bahtera Motor Authorized Toyota Yogyakarta exists, internal control in the payroll accounting system of PT. Sumber Bahtera Motor Authorized Toyota Yogyakarta is in accordance with the theoretical study, internal control in the payroll accounting system of PT. Sumber Bahtera Motor Authorized Toyota Yogyakarta can be concluded as effective. This is proven when the internal control in the payroll accounting system of PT. Sumber Bahtera Motor Authorized Toyota Yogyakarta was tested using the stop-or-go sampling method, with the reliability level used Reliability (R) 95% and the error rate accepted by the Desired Upper Precision Limit (DUPL) 5%,

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