

ANALYSIS OF TEACHING AND WAGE INFORMATION SYSTEMS AS INTERNAL CONTROL TOOLS IN ABC COMPANIES IN MADIUN

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ABSTRACT

This study intends to analyze internal control efforts in the payroll and wage accounting information system carried out by the company in the area. The method used is a qualitative approach using interviews and documentation relating to payroll and wages for company employees in the area. The results show that the accounting information system used for employee payroll and wages is following the procedure and can be said to be effective because of the flow diagram and overtime process which are not by the SOP. Internal control carried out on companies in Madiun has not been effective because there are multiple tasks and a lack of employee monitoring.

Keywords:

Information system, Payroll, Wages, Internal control.

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INTRODUCTION

In a company, employees must obey the rules that apply to the continuity of the production process. To meet high production, companies need more employees to complete operational activities. Employees are also required to be more professional in operational activities and responsibilities that have been given by the company. Employees must improve their performance to increase company productivity. Success in a company depends on employees who have the ability and knowledge because it can affect a given quality. The ability and quality produced, the company improves employee performance by providing payments. These payments can be in the form of salary or wage increases, allowances, and intensive payments. Giving compensation in the form of salary and wages must pay attention to position and performance. Companies must be careful in terms of spending funds for salaries and wages because they can influence someone to commit fraud. Researchers found that the problem that there is a double task is likely to have an impact on fraud committed by certain parties. So that in the distribution of salaries, supervision is needed to avoid things that harm the company. Supervision in the accounting and wage system is carried out carefully and thoroughly.

The company's efforts to avoid the misuse of documents and dishonesty that can lead to losses, as well as the existence of an internal control system can support employee performance. Operational activities cannot run smoothly if there is no strong information system. To strengthen the system management needs to utilize existing resources to produce information. Information systems are designed and functioned to provide information to users. Information

systems in carrying out tasks in activities include copying data, the data is converted into information, and the availability of instruments to safeguard company assets but the information system there are several factors to produce information including input, model, output, technology, database, and control.

The internal control system is used for the process of monitoring the possibility of misappropriation of management over the occurrence of data manipulation, double the acceptance, and implementation of products and solutions used to minimize fraud that will occur. If all elements of internal control in the payroll and wage process run smoothly, the desired results will be achieved. (Hery, 2014) In safeguarding assets and accuracy of the information, the company can carry out 5 principles of internal control including the determination of responsibilities, segregation of duties, and documentation, but internal control can also be done using the environment control, activities control, risk calculation, employee monitoring and information. (Krismiaji, 2015) According to (Endang, 2016) said that the payroll system produced included organization, healthy practices, procedures performed accordingly, and a good organizational system. The same thing was stated by (Putra, 2015) if this is done it can help overcome and minimize mistakes that can be detrimental to the company. The effectiveness of an optimal information system is done by checking related documents, related fields, networks that form procedures, and records used.

Internal control of a company can be seen from healthy practices, authorization systems, and the recording and organizational structure (Fibriyanti, 2017) According to (Prasetya, AR, & Z.A, 2017) said

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that the practice of the payroll accounting system must have a clear function so that there is no overlapping of tasks and authority. With the existence of healthy practices and audited by the central government, it can support the existence of good internal control (Damayanti, Dwiatmanto, & Azizah, 2015).

Research results from Jermias (2016) payroll procedures can be carried out following the existing system and carried out, and enrichment can be done through the financial department and operational divisions by entering salaries into their respective accounts. Research from (Qudus, Saifi, & P, 2015) there are still shortcomings in the payroll process which includes informing remuneration and remuneration is still not good because they do not have supporting documents, the related functions are not good because the personnel section lacks supervision, implementation of remuneration and remuneration there are still duplicate tasks.

Based on the description that has been described above, researchers are interested in examining payroll and wage information systems that are indicative of the control environment, control activities that include task doubling, transaction authorization, checking or supervision, risk calculation, communication to employees and employee supervision due to the absence of research done within the company. The purpose of the study is to evaluate the payroll and remuneration processes carried out, minimizing the occurrence of deficiencies in internal control efforts carried out at the company in Madison.

LITERATURE REVIEW

Payroll and Wage Accounting Information System

Information systems have goals that play a role in making a decision. According to (2014) there are important factors in accounting information system activities are that the Actor plays a role in implementing the system and controlling the system, the procedure of gathering, operating and storing data about economic activities manually or computerized. The device as a supporting tool for managing data. According to Romney dan Steinbart (2014), the accounting information system component completes three business functions, combining and processing information related to the activities and resources of company members, processing data to management information that is planned to be controlled and supervising company members and providing sophisticated supervision to safeguard company assets and data. accounting information systems can be used as interrelated procedures to produce information that involves several sequential parts. If all three elements are used, it can help minimize fraud activities.

The company has 2 types of employees, namely permanent and non-permanent employees. The two things mentioned in the payment of employees experience the difference that is if the permanent employee will receive a salary while the employee continues to receive wages. Employees in ABC includes 5 types. The salary is given according to the employee's contribution for a month and the amount is by the position received. A salary is a form of repayment of rights granted by companies to permanent employees (Mardi 2011). According to (2015) explain Salary is a payment for contributions to employee services for a company that is made

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every month. Agrianto (2014) salary is compensation given to employees. Based on the explanation above, the researcher concludes that salary is a financial payment that is given directly to the party concerned for employee contributions for 1 month. The payment of employees has been agreed every month in a certain amount following the position received.

Wages are rewards given to implementing employees (labor) as compensation from the company (Mulyadi, 2016). Whereas Sujarweni (2015) wages are payments to employees for several jobs that have been done. Payment of wages can be done once a week, once a month, or every day depending on the wage payment system. Various definitions above can be concluded that remuneration and remuneration are rewards to employees with a certain amount following the position given within a period of once a month or once a week following mutual agreement. In connection with payroll and wages, the company determines the parts associated with this is to smooth the appropriate payment process.

Internal Control

An internal control system is needed to control data relating to salaries incurred by the company under company decisions. According to Krismiaji (2015:220), the *Committee of Sponsoring Organization (COSO)* explains the internal control of a procedure whose implementation is carried out by the board of commissioners, the management, and all staff and employees who are in their direction to provide adequate guarantees.

According to Hery (2014), Internal control is the rules and procedures for protecting company assets in the form of fraud, ensuring the availability of more valid information, and ensuring compliance

with legal regulations by all employees. Menurut Krismiaji (2015:216) Internal control is the framework used in maintaining assets, creating valid and trusted information, and supporting compliance with management rules.

It was concluded that internal control is a method or method used to protect assets, obtain accurate information, improve efficiency, and improve management regulations. In internal control, there are inter-related components. The purpose of internal control is to safeguard company assets, check the validity of data, increase the effectiveness in the company's operations and improve company policies set by management. In the case of these objectives, all factors related to one desired goal are used.

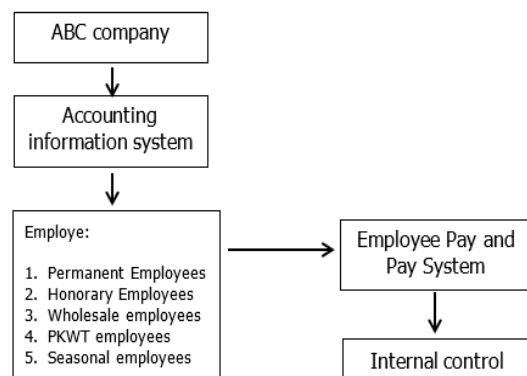


Figure 1. Payroll Flow in ABC Company

METHODOLOGY

This research uses a descriptive qualitative approach. Researchers conduct surveys directly in the field to find information relating to the payroll and wage processes and record and analyze information obtained during the survey process which is then used in report writing. The study was conducted from March to June 2019.

Source of data used primary data obtained through direct obser-

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vation by interviewing heads of HR, HR operators, and bookkeeping. The researcher chose the source because the party understood the flow of payroll and wages. Whereas the secondary data of the researcher uses data obtained from the company's written documents, namely salary slips, attendance data, history and company vision, and mission. In obtaining the data, researchers themselves in finding data from interviews and documentation using recording equipment and stationery. The data validity technique uses a credibility test of trust in research by triangulation. Triangulation used is sourced and time triangulation.

FINDINGS AND DISCUSSIONS **Payroll and remuneration system**

Payroll and remuneration accounting systems carried out by companies contained in Madiun use elements that include documents used, accounting records used, related functions, and networks that form procedures. That was also done (Jiwandono, Topowijono, & Yaningwati, 2017) payroll and remuneration system performed by using elements of documents used, accounting records, network procedures used and related functions. Matters relating to the disbursement of salaries to employees must be according to class and salary. Salaries are given to employees to improve employee performance and retain employees who have good ethics and commitment. The provision of salaries and wages to hold competent employees and ensure

fairness for employees (Hidayat, Rahayu, & Husaini, 2013).

Based on the results of the research conducted shows the amount of salary earned is following the provisions of the head office. Documents used to issue the required salary amount in the form of fingerprint data, employee overtime documents, etc. The data is entered into SAP and the salary amount in the form of a salary slip will be calculated using the system. This statement is supported by the HR Operator stating that the payroll and wage procedures carried out refer to the existing SAP system. So that HR operators only enter nominal according to class and salary and wages obtained directly into the employee's account. Documents needed to issue salary include overtime documents, fingerprints, etc. The company uses the existing system so that it only records overtime and working hours data to the system and the system has processed how much salary is earned. The statement was also similarly supported by the head of human resources, stating that the procedures implemented in remuneration and remuneration are carried out by SAP in force. Documents needed to issue salary include overtime documents, fingerprints, etc. If the document has covered all the information needed, it can be used to make a decision going forward (Gunawan, 2012).

The accounting records used by companies in Madison are good because everything used is following the procedures in SAP and is supervised directly by the head

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office. So the data released by the company is directly related to the central party. The following statement was given by the Head of HR Division stating that the company used the existing system so that the company only included overtime hours and working hours to the system and the system had processed how much salary was earned.

Overtime is work time that exceeds the applicable rules. Overtime is carried out if a job has not been completed and must be completed in the shortest possible time. The implementation of overtime must be under the applicable SOP. The implementation of overtime is not based on SOP, there may be a deviation from internal control. Overtime procedures for employees must show the SPKL (Overtime Work Order) letter known to the head of each section. The following statement was given by the Head of HR Division stating that employees who do overtime parties coordinate with other parts namely the technical, processing, plant, etc.

Internal control

Internal control in a company is needed. At this company using the SAP system in the payroll process. If the use of the SAP system is valid and true, the company has a safe condition. Conversely, if employees cannot use the system properly it will harm the company. Based on the results of observation and analysis of data regarding payroll and wage systems carried out in the company in Madison, the controls carried out

are good and following existing procedures. However, it is still ineffective due to the lack of separation of duties in force.

The achievement of internal control is supported by the existence of an information system that can help management pay the amount of salary earned by each employee on time (Danke, 2012). Also, internal control safeguards company assets. The statement was also conveyed by (Agrianto, Kertahadi, & Dwiatmanto, 2014) internal control includes securing assets, checking accuracy and validity of administration. Therefore, control in remuneration and remuneration needs to be done carefully so as not to harm the company.

The control environment carried out by the company is good. This is indicated by the elements of control, namely the commitment to integrity by employees in carrying out their work which is guided by the established code of ethics. This is supported by the presence of attendance of employees who come and go according to working hours and employee discipline regarding the use of work safety equipment. So that employees have high commitment and integrity and honesty. All employees in carrying out operational activities following the job description. This statement is supported by the bookkeeping operator that in carrying out the work all employees are required to comply with SOP 9001: 2015. If it is not following the guidelines, it will harm the company. Operational activities in the job description are responsible to the General Manager.

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So employees only carry out existing orders.

Operational activities carried out by the company are always authorized by the parties concerned. Documents relating to payroll and wages are always monitored because they are the privacy of the company. Documents related to expenses must be signed by the HR and the finance department. Every transaction that is carried out always uses the relevant documents and is authorized by the parties concerned. The document was made in the serial number and printed according to the serial number. The required documents print from the system used. In these activities, it is necessary to separate the tasks performed by each employee because there are no misunderstandings between employees. However, in the research, there are still several fields which are also concurrently operational. So that all employees need a separation of duties.

All existing information has been stored in the system used. The use of computerization in remuneration and remuneration can produce precise and accurate information. Not all employees can access and process the system. So that there are restrictions on access by every employee. Monitoring the performance of employees is quite good because the monitoring is carried out by each head of each section. The monitoring is carried out to improve the quality of employee work results and employee discipline at work.

CONCLUSION

Based on the results and analysis that has been done, the remuneration and remuneration system conducted by the company in Madison has been running well according to the PKB and ISO 9001: 2015 books that have been approved by several parties. However, in the overtime procedure, there were still errors due to non-compliance with overtime work contained in the mutual agreement. Also in monitoring employee performance conducted by the head of the field is only done only once a week. As for internal control over the remuneration and remuneration system, the company has not yet fully carried out so that it still has weaknesses such as concurrent assignments and lack of performance monitoring of employees resulting in a lack of internal control.

Research on the analysis of payroll and wage information systems as internal control tools in companies in Madison only covers the control environment, control activities, risk calculations, information and communication, and monitoring carried out. The next researcher to examine the control elements contained in COSO to better know the advantages and disadvantages of a company. Also, researchers have limitations in interviewing existing wage labor in the field due to time constraints. So the results obtained only include those employees who are in the company.

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