

Analysis of The Applications of Payroll and Wage Accounting Systems in Supporting Internal Control (Case Study at TK Aisyiyah Bustanul Athfal)

Putri Sepiyana*, Hotbin Hasugian, & Laylan Syafina

Sharia Accounting Department, State Islamic University of North Sumatra, Deli Serdang, 20371, Indonesia

Abstract

This research focused on an in-depth analysis of the implementation of payroll accounting and wage system in TK Aisyiyah Bustanul Athfal and its impact on school internal control. Using descriptive approaches and qualitative methodologies, data were collected through various techniques such as documentation, observation, and interviews. The findings of this study show that although the payroll and wage systems implemented have proven relatively effective, there are still significant shortcomings regarding administrative tasks, the use of documents, and accounting records. The implications of this study highlight the urgency to continuously improve the payroll accounting system to strengthen internal control at TK Aisyiyah Bustanul Athfal. These corrective measures should prioritize optimizing administrative processes and maintaining more accurate and detailed accounting records, thereby ensuring compliance with applicable internal control standards. The study provides valuable insights into the development of financial and human resource management strategies in an educational environment.

Keywords: payroll, accounting, data, internal.

Received: 7 January 2024

Revised: 30 March 2024

Accepted: 28 April 2024

1. Introduction

The implementation of accounting information systems in educational institutions is very important because this system allows information to be delivered in a timely and accurate manner that benefits both internal and external parties. Payroll accounting information system is one system that requires attention. This application must be appropriate and guided by working hours, work performance, records and documents used in the payroll system. They must also be able to display data on salaries given to employees accurately, relevantly, and on time. The accounting industry must change to be computer-based as society advances towards the industrial period 4.0 digitalization (Mursidah et al., 2020).

Wage and payroll expenses are significant expenses that carry the risk of fraud and misappropriation, which can cause losses to the business. Therefore, accurate information can only be generated with a properly operating accounting information system. Accounting information systems consist of various technology and HR tools designed to convert data into information (Aprilliadi, 2019).

Educational institutions need a system, the commercial activities of the organization can be smoothly and effectively guaranteed by a properly functioning system. The function of the accounting information system is to offer details regarding operational activities. To ensure that the accuracy of the information provided is trustworthy, it is also prepared and should be able to offer information about the principles and methods of internal control. This is so that internal management and control are supported by an accounting system (Apriliza et al., 2023).

According to Mulyadi in his book, the accounting system discusses the principle of separation of functions and responsibilities based on organizational structure. Mulyadi explained that the separation of functions and responsibilities is a very important principle in the accounting information system. Mulyadi emphasized that the separation of functions and responsibilities in the accounting information system can minimize the risk of errors, fraud, or fraud that can occur in company management.

* Corresponding author.

E-mail address: putrisepiyana@gmail.com

According to the research presented (Hanum et al., 2022), the company's payroll and wage system is generally good, but still has some shortcomings. These include a number of functional limitations relating to financial function and time attendance, irregular monthly salary payments to outsourced employees, and lack of wage stubs for employees. Meanwhile, research findings (Handayani & Kamilah, 2022) clarify that the function of the production department to record the daily and permanent time of executive employees is currently still integrated with the operating function, and payroll and wage procedures are not effective in meeting the requirements and objectives of internal control. For internal control, researchers will look into wage accounting and payroll systems. In this case, salaries and wages are costs that every business must bear to maintain the smooth operation of all its divisions. These costs also need to be addressed effectively and accurately to prevent fraud in the calculation and disbursement of salaries and wages to staff members. Because problems with payroll and compensation may have unintended and dangerous consequences for the business (Wibawa et al., 2022).

Issues related to payroll and wages are undoubtedly important because incorrect classification or allocation of labor costs will have an impact on how income is determined. The way payments and wages for diligent or incompetent workers are handled can be a barrier that fuels employee dissatisfaction, which in turn impacts the efficient operation of schools (Alamanda, 2021).

One way to strengthen internal control in the organization is to implement a healthy and accurate payroll system. Since internal control is a monitoring procedure that allows management to know whether actions are being taken and how to correct them if they are not in line with pre-designed systems, an organization must also have excellent and precise internal controls.

2. Literature Review

2.1. Salaries and Wages

The form of remuneration given by the company to its employees. "Salary is payment for services performed by employees made by the company every month" (Ardianti & Kusmilawaty, 2022).

Wages are payments for services performed by employees on the basis of a certain number of units of production. Wages refer to the payment of factory workers, whether they have expertise or not. Wages do not include salaries (Jiwandono, n.d.).

2.2. Study of Kindergarten

According to Article 1 of the Ministry of Education and Culture Regulation Number 84 of 2014 on the Establishment of ECCE, it is defined as the care of children from birth to the age of six. with the aim of giving children mental stimulation that promotes internal physical development and equips them to move their education to the next level. Preschool education is the first part of primary education. Recognize and develop children's ability to generate creative solutions for life after school (Pendidikan et al., 2014).

2.3. Purpose of Salaries and Wages

"Employee wages and salaries are a form of compensation that is "financial" in nature and is the main form of compensation available to employees" (Prisna & Kusmilawaty, 2022). So, the purpose of providing salaries and wages is included in the purpose of compensation.

2.4. Factors Affecting Salary and Wage Levels

The ability and willingness of labor, employee productivity, government regulations and presidential decrees, employee positions, work experience and education, and the type and nature of work all have an impact on salaries and wages (Merina & Herfazalesa, 2022).

2.5. Accounting Information System

(Asatiani et al., 2019) a system is an arrangement of interconnected elements, subsystems, or components that work together to achieve a single goal. SIA is used as a process that converts transaction data into financial information that

is useful for parties in need, according to the book Efa Wahyuni prasyaningsih (Efa, 2019). A network of all forms, records, procedures, and tools that work together to turn financial data into the reports management needs to run its business and make decisions (Naser et al., 2022).

2.6. *Purpose of Accounting Information System*

(Fitriani, 2022) The main goal is to implement internal control, which develops into a positive management culture. In addition, it also strives to Collect and store information about the financial operations of the company or entity, Turn data into information that businesses need to make decisions, Assume command of every aspect of the business.

2.7. *Payroll and Wage Accounting System*

Payroll and wage accounting systems are one of the many types of accounting systems used by businesses or organizations. The system used to provide salaries and wages to employees for the services they provide (Putri, Yenni, 2023).

Mulyadi (2016), mentions the following as information system functions for wage and payroll accounting: Personnel Function, Timekeeping Function, Payroll and Wage Function, Accounting Function and Financial Function.

The documents used by the salary information system in accordance with (Mulyadi, 2016): Clock card present, List of salaries and wages, Recap of salaries and wages, Salary and wage envelopes and Proof of cash out.

The records used by the payroll accounting system are as follows (Mulyadi, 2016): General journals, Cost of Goods Sold (COGS) Card and Expense card.

Payroll procedures according to (Mulyadi, 2016) are as follows: Time keeping, Creation of payroll and wages, Distribution of salary costs, Making proof of cash out, Salary payment.

2.8. *Internal Control of Payroll and Payroll Accounting System*

According to Hermawan (2013: 1) Internal control refers to rules and practices that ensure the accuracy of business information, protect assets from misuse, and enforce compliance with legal requirements. "Internal control is a system that includes the organizational structure along with all mechanisms and actions that are adhered to together to safeguard all organizational assets from various directions. Internal control comprises three essential elements as outlined by Mulyadi (2016). Firstly, the organization plays a crucial role in establishing the framework for internal control. This includes defining roles and responsibilities, setting policies and procedures, and establishing reporting structures. Secondly, human resources are integral to internal control, particularly ensuring that individuals' qualifications and capabilities match their assigned responsibilities. Quality human resources contribute significantly to the effectiveness of internal control measures (Triningsih & Darma, 2023). Lastly, the authorization system is fundamental in internal control, ensuring that transactions and activities are approved by authorized personnel according to established protocols. A robust authorization system helps prevent unauthorized actions and promotes adherence to internal control standards within an organization.

2.9. *Standard Operating Procedure (SOP)*

Standard Operating Procedure are the forms, records and rules used in handling organizational information with the aim of manifesting reports necessary finances. Standard Operational Procedure (SOP) are guidelines must be prepared and owned by each division of the company to ensure that The operational activities of an organization or company are running well. Standard Operating Procedure (SOP) cover financial rules such as accounting as well transaction. Each responsible person holds their respective duties (Pradila & Kamilah,2022)

3. Research Method and Materials

This research was conducted at the TK Aisyiyah Bustanul Athfal. The location of this research is in JL. Compost No.43B Km.12, Sunggal District, Deli Serdang District, North Sumatra Province. This study uses qualitative descriptive methodology, namely analyzing and interpreting texts and interview results with the aim of finding the meaning of the phenomenon studied. This research is in the form of information disclosed in the form of descriptions,

interviews and observations related to the condition of Tk Aisyiyah Bustanul Athfal being the subject of research. Data is collected through direct questions and answers using a list of questions as a guideline to facilitate the collection of information and data needed (Sugiyono, 2022).

This research focuses on the process and systematically of payroll and remuneration of the TK Aisyiyah Bustanul Athfal. The object in this study is the Principal of the TK Aisyiyah Bustanul Athfal. This research was conducted by interviewing the principal, to better understand the process and system of payroll and wages in the school. The research data were obtained using the following data collection methods such as, observation. Observations were carried out through the participation method by observing directly the TK Aisyiyah Bustanul Athfal, Interview. Researchers conducted interviews with principals TK Aisyiyah Bustanul Athfal, Documentation. The study of documentation is important in this study because it contributes to a more sophisticated analysis of the systematics of payroll and wages in the TK Aisyiyah Bustanul Athfal.

4. Results and Discussion

The payroll and wage system at TK Aisyiyah Bustanul Athfal is visually represented through a flowchart in Figure 1.

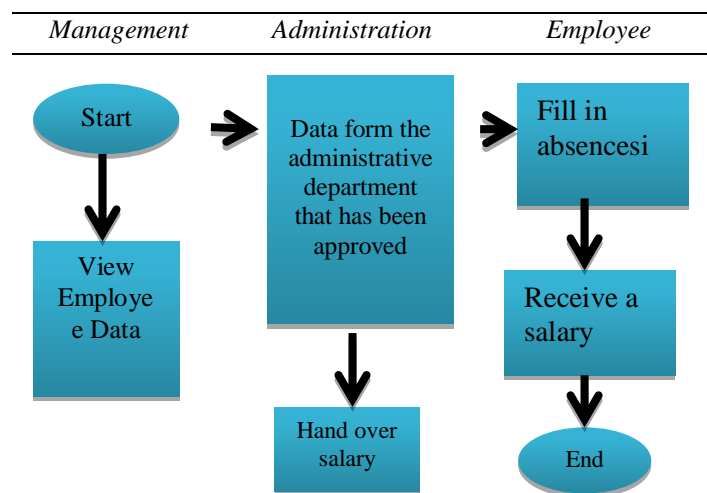


Figure 1. Flowchart Payroll and wage system at TK Aisyiyah Bustanul Athfal

Source: Processed data, 2023.

4.1. Analysis of related functions

The functions related to the payroll and compensation accounting system for employees at Tk Aisyiyah Bustanul Athfal Foundation are as follows:

Personal Function, The administrative department manages personnel functions which include hiring new employees, selecting and assigning several existing staff members with needed positions, creating mutation letters, and dismissing workers. **Timekeeping Function,** Mrs. Siti Julkhairia Putri is in charge of managing fingerprint-based time attendance records for each employee in this section. Each employee is required to register two fingerprints when entering and returning home for attendance recording in accordance with the specified period. **Attendance list summary function,** The administrative department is responsible for this field and makes employees absent, data is generated from a fingerprint machine which is then presented and will be verified by the administration. **Accounting Function,** The administrative department of the accounting function is tasked with recording all expenses and income made at a certain period of time related to school operational costs and employee salary payments made every month. **Financial Function,** The administrative department is responsible for this sector. They are tasked with making employee salary payments every 05th.

The idea put forward by Mulyadi (2016) explains that a number of tasks, including personnel, punctuality, payroll and wage maker, and accounting must be involved in the payroll and wage process of company employees. It is evident from the summary of research findings above that TK Aisyah Bustanul Athfal / ABA employees have experienced good payroll and wage procedures. The ability to log time is also available to create payrolls and payrolls of employees, as well as task schedules. On the other hand, Mulyadi (2016) asserts that the sound control system requires the employee attendance recording function to be separated from the salary payment function. If this state is allowed to persist, there is a chance that manipulations or deviations will occur. Without other departments knowing to check, the administrative department can fake employee attendance or manipulate employee attendance data.

The results of previous research from (Bulawan et al., 2020) The organizational structure of Asia Hotel Makassar is quite good because it has clearly divided the functions, tasks, and responsibilities of each section according to the payroll and payroll functions according to Mulyadi's theory, according to analysis in supporting internal control.

4.2. Documents Used

In the payroll system for TK Aisyah Bustanul Athfal employees, among others, are as follows: Changes in Salary and Wages, Personnel functions that take the form of orders on the recruitment of new staff members and layoffs. Attendance Recap, The punctuality function uses this document to summarize the attendance records and punctuality of kindergarten employees. ABA Aisyiyah Bustanul Athfal. Record this attendance hour through a fingerprint system or timekeeping machine. It is verified every two weeks and printed once a month. Leave and Dispensation Letters, This document serves as a justification for not deducting the employee's salary due to absenteeism from work. Because if you do not attach a doctor's certificate or leave letter, it will result in employee salaries being deducted proportionally in accordance with the established policy. Payroll and Wages, The amount of each employee's salary plus benefits, social security contributions, and deductions applicable to any disciplinary action taken against them.

Salary and Wages Recap, The salary and wage recap is a summary of the monthly salary produced by the administration department. Cash Out Evidence, Contains all expenses made by the school, both expenses to meet facilities and employee payroll records.

The idea put forward by Mulyadi (2016) explains why these documents should be the basis for payroll and wages. Payroll and wage summaries, cash proofs, paystubs, and wage support documents are among them. Given that the kindergarten school produced these documents, it is evident that they are sufficient to complete the internal control support procedures and conform to theory. However, the employee salary payment system carried out by the school still uses salary envelopes that can be used as physical evidence for the school.

Based on the results of previous research conducted by (Hanum et al., 2022) PT. Perkebunan Nusantara III demonstrates the usefulness of records used in business operations and its assistance to internal payroll control. This is evident from the signature of the official on paper who is authorized to release it. However, due to using a computer system and paying salaries via bank transfer, there is no longer a real working hours card. Instead, pay envelopes are no longer used.

4.3. Accounting Records Used

In the payroll system on employees at TK Aisyah Bustanul Athfal, the following accounting records are maintained: Recap expenses and income: Used to record monthly tuition payments for each student as well as labor cost divisions. Employee Income Card: This document is in the form of a record of employee income. This record is used to calculate the amount of income tax that must be paid by each employee.

The records required in the salary and wage system include general journals, product cost cards, and HR income cards, all of which are based on ideas put forward by Mulyadi. Records kept on employees of TK Aisyah Bustanul Athfal have not fulfilled the necessary requirements due to incompleteness and lack of conformity with the theory of salary and wage accounting systems. The accounting records used in the payroll accounting system at ABA Kindergarten still use manual methods that cannot support internal control.

Results of previous research conducted by (Apriliza et al., 2023) UPT. Balai Yasa Pulubrayan from PT. KAI shows how well the accounting records used have supported internal payroll control in the organization. The accounting records used are meticulous and well-organized, with each account categorized using journal data that includes records of employee earnings and monthly deductions earned by employees. Using the appropriate computer systems, all these systems are automatically computerized.

4.4. Payroll and Payroll System Network

Time Attendance Record: The administration department is responsible for collecting attendance every day where employees are required to check-in and check-out on fingerprint machines to know that employees arrive and leave kindergarten on time, or have to be cut due to their lateness or absenteeism. Calculation of Salary and Wages: The administrative department is responsible and responsible for calculating the salaries of all employees based on employee attendance and employment records. In calculating employee salaries, there are several things that affect the amount of salary received by employees, namely basic salary, benefits, and deductions. From the work schedule, leave letters and medical certificates received are then poured into payroll recaps which will then be submitted to the accounting department. Payment of Salaries and Wages: The administrative department is in charge of checking the payroll carried out, then making proof of cash expenditures and making journals to the general journal, then paying employee salaries every month. Based on the results of the research above, the procedure for recording attendance time is less supervised. At the time of attendance, there was no adequate supervision. Payroll making procedures are carried out in accordance with the attendance recap carried out by the administration based on salaries and wages,

4.5. Payroll and Payroll SIA in Internal Control

Internal Control Actions at TK Aisyiyah Bustanul Athfal Kindergarten encompass several key components. The administrative department and is in charge of paying employees' income every month, making payrolls and wages, and compiling employee attendance lists. Everything related to the company's finances is under the supervision of the principal. Human Resources whose Quality is in accordance with Responsibility: Employees at ABA Kindergarten School are assigned roles according to their educational background, employment history, and personal skills. By doing this, ABA kindergarten schools can assign staff members to the appropriate departments according to their skill set, allowing them to answer to superiors about their work. In this case, ABA kindergarten personnel are highly motivated, competent, accountable, and have an honest attitude while working. Authorization System and Recording Procedure: According to research conducted at TK ABA / Aisyiyah Bustanul Athfal, the authorization mechanism has been functioning well. In the payment of salaries of employees requires approval from the relevant authorities. This procedure helps prevent transactions that do not follow the correct payment procedures. Salaries must be approved by the accounting function after approval by the finance department and then paid to employees.

4.6. Analysis of Employee Compensation Implementation at TK Aisyiyah Bustanul Athfal

The implementation or implementation of employee wages goes well. The amount of basic salary received by each employee is determined by the school management according to their respective positions and according to the working hours they choose to teach tutoring after school will get an additional wage that is given along with the basic salary. (Komalasari et al., 2023)

4.7. Enhancing the Application of Payroll and Compensation Accounting System at TK Aisyiyah Bustanul Athfal

Tk Aisyiyah Bustanul Athfal is strongly encouraged to implement several measures to enhance the quality of the system's application, as follows:

4.7.1. Forming a High-Quality Finance Team

TK Aisyiyah Bustanul Athfal should ideally each job function or individual responsible for their respective fields, especially those with specialized skills in accounting. As observed in Tk Aisyiyah Bustanul Athfal, the school secretary holds dual roles as both school secretary and administrative staff. By delineating each task, it can better focus on their work and cultivate a proficient finance team at TK Aisyiyah Bustanul Athfal.

4.7.2. Evaluation and Continuous Improvement

Always implementing an employee payroll evaluation system and making improvements is crucial. This is very necessary as a means to rectify past mistake, turning them into valuable learning experiences aimed at enhancing the payroll accounting system. Ensuring a robust payroll system will guarantee the improvement of human resources and contribute to the overall development of the school.

4.7.3. Implementing an Accounting System

TK Aisyiyah Bustanul Athfal is expected to use software good accounting or recording system good finances, which work track all financial transactios. Like MYOB Accounting that can take notes school financial income. This can Help Ensure that all transactions are recorded accurately and can be easily accessible for purposes monitoring.

5. Conclusion

The payroll authorization system has been well implemented, requiring official authorization for all payroll transactions. However, there are still some issues such as task traps and task segmentation within the system that need to be aligned with current concepts for improvement. Additionally, the absence of specialized staff for internal audits is an area for potential improvement to ensure compliance with internal control standards. The payroll and wage accounting information system, although serving as an internal control tool, requires enhancements to fully support monitoring units related to payroll and wages. This includes separating functions, restricting payroll deductions and payments by personnel, and implementing best practices in payroll management. Improvements in the payroll and wage accounting system at TK Aisyiyah Bustanul Athfal include task segmentation aligned with modern internal control concepts, the presence of specialized staff for internal audits, enhancements to the payroll and wage accounting information system, and more effective monitoring of employee attendance. By implementing these recommendations, it is expected that the payroll and wage accounting system at TK Aisyiyah Bustanul Athfal will strengthen internal control and enhance the financial integrity of the institution.

Acknowledgments

The author would like to express his gratitude to the State Islamic University of North Sumatra for the support provided in this research process. Thank you also to TK Aisyiyah Bustanul Athfal for the permission given. Thank you for your participation and contribution. Not to forget, awards were also presented to supervisors for the guidance, encouragement, and assistance provided during the research process.

References

- Alamanda, D. (2021). Analisis Pengendalian Internal Sistem Penggajian dan Pengupahan pada CV. Profil 88 Surabaya. *Sustainable*, 1(1), 104. <https://doi.org/10.30651/stb.v1i1.9758>
- Apriliza, Y., Islam, U., & Sumatera, N. (2023). Analisis Efektivitas Sistem Informasi Akuntansi Penggajian dalam Mendukung Pengendalian Intern pada PT. *Kereta Api Indonesia (Persero) UPT*. BALAI. 8(30), 139–158.
- Aprilliadi, T. (2019). Pengupahan dalam Upaya Pengendalian Internal pada Karyawan Outsourcing. 2(1), 1–7.
- Ardianti, S., & Kusmilawaty. (2022). Analisis Sistem Informasi Akuntansi Penggajian Untuk Meningkatkan Pengendalian Intern Dinas Perhubungan Kabupaten Labuhanbatu Utara. *Jurnal Masharif Al-Syariah: Jurnal Ekonomi Dan Perbankan Syariah*, 7(3), 953–959.
- Asatiani, A., Apte, U., Penttinen, E., Rönkkö, M., & Saarinen, T. (2019). *International Journal of Accounting Information Systems Impact of accounting process characteristics on accounting outsourcing - Comparison of users and non-users of cloud-based accounting information systems*. 34. <https://doi.org/10.1016/j.accinf.2019.06.002>
- Efa, P. W. (2019). *Sistem Akuntansi Penggajian dan Pengupahan*.
- Fitriani, U. D. (2022). Payroll Accounting Information System Analysis at Sugarcane Plantation Company Wahyu Daya Sejahtera Ltd. 4(5), 254–262.
- Hanum, L., Panjaitan, B., Samri, Y., & Nasution, J. (2022). Analisis Sistem Informasi Akuntansi Penggajian Dalam Mendukung Pengendalian Intern pada PT. *Perkebunan Nusantara III Kebun Bandar Selamat*. 3(6), 1206–1224.
- Jiwandono, D. (n.d.). *DALAM RANGKA MENDUKUNG PENGENDALIAN INTERN (Studi Pada Pabrik Gula Lestari Patianrowo Kabupaten Nganjuk)*. 51(2), 1–10.

- Merina, C. I., & Herfazalesa, M. B. (2022). Analisis Sistem Akuntansi Penggajian Dan Pengupahan Karyawan Dalam Meningkatkan Efektivitas Pengendalian Internal Perusahaan Pada Pt. Tri Marbako. *Jurnal Aktual Akuntansi Keuangan Bisnis Terapan (AKUNBISNIS)*, 5(2), 255. <https://doi.org/10.32497/akunbisnis.v5i2.4067>
- Mulyadi. (2016). *Sistem Akuntansi. Edisi Ke 4*(Jakarta), Salemba Empat.
- Mursidah, A. aulia, Nugroho, gatot wahyu, & Eriswanto, E. (2020). Analisis Sistem Informasi Akuntansi Penggajian dan Pengupahan (Studi Kasus Pada PT. Pratama Abadi Industri JX). *Seminar Nasional Manajemen, September*, 34–41.
- Naser, H., Rini, I., Kurniati, R., & Hardati, R. N. (2022). Analisis Sistem Akuntansi Penggajian Dan Pengupahan Dalam Mendukung Efektifitas Pengendalian Intern (Studi Kasus Pada Alibaba Store Malang). *Jiagabi*, 11(1), 341–347.
- Pendidikan, M., Kebudayaan, D. A. N., & Indonesia, R. (2014). *Menteri pendidikan dan kebudayaan republik indonesia*.
- Prisna, N. D., & Kusmilawaty, K. (2022). Analisis Sistem Akuntansi Penggajian Pegawai Negeri Sipil Pada Dinas Kependudukan Dan Pencatatan Sipil Kabupaten Langkat. *Balance : Jurnal Akuntansi Dan Manajemen*, 1(1), 12–17. <https://doi.org/10.59086/jam.v1i1.3>
- Putri, , Yenni, L. (2023). Penerapan Sistem Informasi Akuntansi pada usaha Mikro Kecil dan Menengah (UMKM) di Panyubangun Kabupaten Mandailing Natal. *Jurnal Ilmu Komputer, Ekonomi Dan Manajemen (JIKEM)*, 3(2), 5470–5477.
- Triningsih, N. N., & Darma, G. S. (2023). Compensation, Worklife Balance, Employee Engagement, and Turnover Intention. *Quantitative Economics and Management Studies (QEMS)*, 5(1), 10–21. <https://doi.org/10.35877/454ri.qems2158>
- Wibawa, H. W., Ali, H. M., Permada, D. N. R., & Yasin, V. (2022). Analysis Of the Effect Of E-Accounting And E-Payroll on The Effectiveness Of Internal Control. *International Journal of Informatics, Economics, Management and Science*, 1(1), 78. <https://doi.org/10.52362/ijiems.v1i1.706>