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Research Article

Strengthening the Internal Control System through the Payroll and Wage Accounting Information System

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Abstract
This study aims to analyze the implementation of the payroll and wage accounting information system at Sun City Hotel and Luxury Club and to determine whether the internal control system also supports payroll and wage accounting processes. The research employs a descriptive qualitative method, using primary data obtained through interviews and observations. The focus is placed on the payroll and wage accounting information system and the elements of internal control related to it. The findings indicate that the internal control system, as well as the payroll and wage accounting information system, is generally adequate and effectively ensures the accuracy of salary and wage calculations. However, certain weaknesses were identified, particularly the absence of payroll envelopes and the lack of involvement from the cashier division in salary and wage distribution. The managerial implication of these findings is the need for improvement in payroll distribution procedures to enhance transparency, accountability, and minimize potential errors or fraud. Involving the cashier division and applying more formalized procedures in payroll distribution would strengthen internal control mechanisms and further support the effectiveness of the payroll and wage accounting information system.

Keywords: Accounting system, payroll, wages, internal control

JEL Classification: M41, M42, M12

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1. Introduction
A company's fundamental goal is to generate profits, maintain business continuity, and develop the business for the future. One key factor in achieving these goals is effective human resource (HR) management. HR is a vital asset that not only drives operational activities but also plays a strategic role in creating a company's competitive advantage. Therefore, companies are obliged to provide compensation in the form of adequate salaries and wages in accordance with employee contributions, competency standards, and applicable government regulations (Nathalia, 2012).

The primary goal of every company is to maximize profits, strive for growth, and ensure its survival. A company's success is largely determined by its ability to manage its resources, particularly its human resources. A high level of expertise in the required field will enable an individual to run the company's operations effectively and according to plan. This is especially true if they possess skills that align with their competencies (Nathalia, 2012).

However, the reality on the ground shows that not all companies comply with minimum wage regulations. For example, PT Panca Puji Bangun Surabaya paid workers below the Regional Minimum Wage (UMR), ranging from Rp680,000 to Rp1,200,000, far below the government-set standard (Detiknews, 2017). This case highlights the company's weak internal oversight system regarding the fulfillment of employee rights.

To anticipate potential non-compliance and prevent irregularities, companies need an adequate internal control system in the payroll and wage cycle. An internal control system serves to maintain calculation accuracy, ensure timely payments, and protect company assets from potential fraud (Mulyadi, 2014). Furthermore, implementing a payroll accounting information system (AIS) supports the systematic, efficient, and compliant payroll payment process (Romney & Steinbart, 2014).

In the hospitality industry, the payroll system has unique characteristics. In addition to the base salary, employees are entitled to additional income in the form of a service charge, which is a portion of the service fee charged to consumers. This complexity requires an accounting information system capable of accurately recording, processing, and reporting all revenue components. SUN CITY HOTEL AND LUXURY CLUB, as a hospitality company with a large number of employees, faces this challenge. Significant salary and wage costs require strong internal controls to achieve efficiency and minimize the risk of irregularities.

The case at this company demonstrates a lack of oversight by management. Management requires financial information to monitor and make decisions in running the company. In carrying out its duties, management requires an internal control system to support the company's payroll and wage accounting system. With good internal control in the payroll and wage accounting system, employee salary and wage payment procedures will run smoothly and comply with applicable regulations. A payroll and wage accounting information system helps implement payroll and wage procedures in accordance with applicable government and company regulations, ensuring that employee salaries and wages are properly administered.

2. Literature Review and Hypothesis

System

Mulyadi (2013) in his book entitled Accounting Systems states that a system is a network of procedures created according to an integrated pattern to carry out the company's main activities, while a procedure is a sequence of clerical activities, usually involving several people in one or more departments, created to ensure uniform handling of company transactions that occur repeatedly. This term is often used to describe a set of interacting entities, where a mathematical model can often be created. There are many opinions about the meaning and definition of a system explained by several experts. The following is the meaning and definition of a system according to several experts.

Information

Information is inseparable from data, information is data that has been processed into a form that is meaningful to the recipient and useful in making current or future decisions. The basis of information is data, errors in collecting or entering data, and errors in processing data will cause errors in providing quality information (Wahyuni, 2012). From the statement above, it can be concluded, information is data that has been processed to become something that reflects the actual situation (accurate) and must be available and can be used in a timely manner.

Accountancy

Romney and Steinbart (2014) Accounting is a data identification, collection, and storage process as well as an information, measurement, and communication process. Sujarweni (2015) accounting is a process of transactions evidenced by invoices, then from the transactions created journals, ledgers, balance sheets, then will produce information in the form of financial reports used by certain parties. Based on the above definition, it can be concluded that accounting is the process of identifying, measuring, recording the economic events of an organization to make considerations and take the right decisions for its users.

Information Systems

An information system is a collection of hardware, software, brainware, procedures and/or rules that are organized integrally to process data into useful information for problem solving and decision making. An information system is a unified, integrated and complementary processed data that produces output, whether in the form of images, sounds or writing (Astuti, 2012). From the definition above, it can be concluded that an information system is a unified, integrated and complementary processed data to be processed into useful information for its users in decision making.

Internal Control System

Mulyadi (2014) states that an internal control system includes various organizational structures, methods, and measures that are coordinated to safeguard organizational assets, check the accuracy and reliability of accounting data, promote efficiency, and encourage compliance with management policies. According to Sujarweni (2015), an internal control system is a system created to provide security guarantees for elements within a company.

Research Conceptual Framework

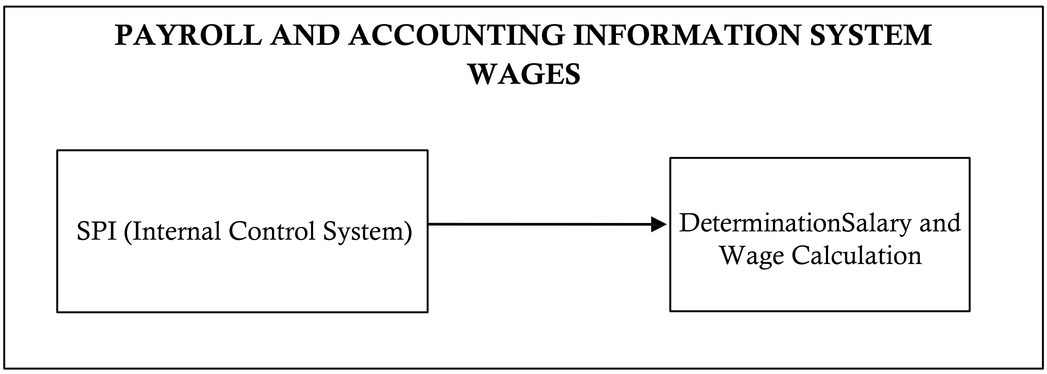

Figure 1. Research Concept Framework

3. Data and Method

Types and Methods of Research

This research employed a case study method, which describes data obtained through fieldwork based on the actual conditions of a research object at the time of the study. This study utilized primary data sources. This method enabled researchers to gather information directly at the Sun City Hotel and Luxury Club.

4. Results

Separation of Payroll and Wage Organization Functions

Table 1. Separation of Payroll and Wage Organizational Functions

No.	Question	Total Answers		Total questions
		Yes	No	
1.	Organizational Separation Function	55	0	5
2.	Authorization System	88	0	8
3.	Recording Procedure	33	0	3
4.	Healthy Practices	74	3	7
	Total	**250**	**3**	**23**
	Presentation	**98%**	**2%**	

Source: Processed Data (2018)

Based on the research results above, the elements of internal control are said to be good, because the function of making the payroll and wages list is not separate from the function of paying salaries and wages. And the function of recording attendance carried out by the payroll department has been separated from the operational function. The authorization system implemented by SUN CITY HOTEL AND LUXURY CLUB is running effectively because every name on the payroll and wages list has been informed in detail.

Table 2. Percentage of Questionnaires for the SUN CITY HOTEL AND LUXUARY CLUB Payroll and Wage Accounting Information System

No.	Question	Total Answers		Total Questions
		Yes	No	
1.	Related Functions	55	11	6
2.	Documents Used	77	11	8
3.	Accounting Records Used	33	0	3
4.	Procedure Network	55	0	5
	Total	**220**	**22**	**22**
	Presentation	**90%**	**10%**	

From the description of the research results above, it can be seen that the functions related to payroll and wages at SUN CITY HOTEL AND LUXURY CLUB are personnel functions, time recording functions, salary and wage list making functions, financial functions, and accounting functions.

5. Discussion

Analysis of Internal Control Elements of Payroll and Wage Systems

Based on the research results, the elements of internal control at SUN CITY HOTEL AND LUXURY CLUB have been running well. This is evident from the separation of functions, document authorization, and effective recording procedures. The payroll and wage register function is not combined with the payment function, while the attendance recording function is separated from the operational function, thereby reducing the risk of fraud. The authorization system is also running effectively because every employee listed on the payroll has a valid appointment document signed by the Director.

Salary and wage changes based on Director decisions forwarded to the finance department, as well as salary deductions authorized by the personnel department, demonstrate the existence of strict controls. Furthermore, time cards and overtime orders have been authorized by authorized authorities, and payroll registers and cash disbursements have been validated according to procedures. Recording procedures also support effective controls through reconciliation, wage rate verification, and attendance monitoring.

Analysis based on the results of the Internal Control System of Payroll and Wages of SUN CITY HOTEL AND LUXURY CLUB in table 1 obtained a questionnaire percentage of 98% and in the Accounting Information System of Payroll and Wages of SUN CITY HOTEL AND LUXUARY CLUB in table 2 obtained a percentage of 90%. Where in table 1 explains that the internal control system at SUN CITY HOTEL AND LUXURY CLUB is very adequate and the payroll and wage information system in table 4.14 shows that this system is also very appropriate with the procedures that should be owned by SUN CITY HOTEL AND LUXURY CLUB.

This proves that a good internal control system for payroll and wages will impact the payroll and wages accounting information system. This will greatly support the determination of employee salary and wage calculations at SUN CITY HOTEL AND LUXURY CLUB.

6. Conclusion

Based on the discussion in the previous chapters, it can be concluded that the internal control system for payroll and wages at SUN CITY HOTEL AND LUXURY CLUB has been running very adequately with the implementation of basic control elements such as separation of functions, authorization, recording procedures, and healthy practices. In addition, the payroll and wages accounting information system has also been proven to support the process of calculating salaries and wages accurately and according to procedures, thus increasing the reliability, accuracy, and transparency in managing payroll and wages in the company.

Managerial Implications

The management of SUN CITY HOTEL AND LUXURY CLUB needs to maintain its robust internal control system through regular evaluations, adding digital payslips to maintain transparency, involving the cashier function as an additional control, and ensuring that all employees receive wages in accordance with the minimum wage. These steps are crucial for improving accuracy, accountability, and employee trust while supporting the company's sustainability.

Recommendation

Based on the conclusions obtained, it is recommended that SUN CITY HOTEL AND LUXURY CLUB continue to use pay slips in envelopes even though payments are made via bank transfer to maintain the confidentiality of employee income details. In addition, the cashier section should remain involved as an additional control function to ensure payment accuracy and prevent potential misappropriation. The company also needs to pay more attention to the welfare of daily worker employees by considering wage increases or transparency in profit sharing, so as to improve work motivation and the quality of human resources in the company.

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