

Payroll Accounting Information System and its Impact on Internal Control of Manpower and Transmigration Office in Central Lombok Regency

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ABSTRACT

One of the roles of accounting information systems is for internal control procedures. Internal control is the process of controlling and motivating employees by management to achieve goals. This study aims to determine the implementation of the payroll accounting information system and its impact on internal control of Manpower and Transmigration Office in Central Lombok Regency. The type of research used is qualitative research through field research. Data is obtained through observation, interviews, and documentation. The results showed that the payroll cycle was implemented using Regional Government Information System (SIPD). The results also showed that the payroll accounting information system has been in accordance with the provisions. However, the internal control system of the payroll cycle was still not good. Therefore, it can be said that internal control was still not good in general.

INTRODUCTION

Every institution requires accurate information as the foundation for decision-making. To obtain precise information, the institution's data must be processed through an information system. An information system will be effective if its utilization is supported by qualified human resources. Human resources are tasked with carrying out work according to their respective positions and institutions are obliged to provide reciprocity through salaries (Wulandari & Maula, 2022). Skills, experiences, level of education, and government regulations can be used as guidelines to adjust the amount of salary paid (Ustadi *et al.*, 2022). Payroll is generally a repetitive activity that requires accuracy to prevent errors, so it is important to implement an accounting information system to minimize errors.

The Central Lombok Regency Manpower and Transmigration Office is a government institution engaged in the provision of labor, administration of menchanical relations advancement activities, and settlement of mechanical relations contrasts. The implementation of duties and obligations is carried out through the establishment of a complaint post and the establishment of community service units related to the provision of labor. Office employees as task executors are divided into two according to their status, namely employees with civil servant status and non-civil servant status. Because the distribution of salaries must be carried out with full accuracy and caution, the Central Lombok Regency Manpower and Transmigration Office must consider the procedures for giving salaries to civil servants and non-civil servants to avoid mistakes. A strong internal control system is also needed because every employee does not only work at the office. Drawing from the explanation provided earlier, the researcher is inclined to examine "Implementation of the Payroll Accounting Information System and its Impact on Internal Control at the Central Lombok Regency Manpower and Transmigration Office".

LITERATURE REVIEW

Accounting Information System

The accounting information system comprises interconnected sub-system that collaborate synergistically to process financial data into the necessary financial information for decision-making (Rejeqi *et al.*, 2023). According to Krismiaji, an accounting information system generally has three essential functions within an institution, namely: (1) gathering and maintaining institution data, (2) cross-checking data to obtain relevant information for decision-makers, and (3) conducting internal control measures to guarantee the rebiability of information obtained from asset maintenance (Yaqin & Yunia, 2023).

Payroll Accounting System

The payroll accounting system is defined as a sequence of functions, organizations, records, and reports related to employee payroll that are arranged in such a way as to provide the necessary financial information (Baridwan in Salsabila, 2022). According to Mulyadi (2016), the payroll accounting system requires supporting documents, internal control elements,

and payroll accounting system recording procedures (Haryadi & Triyanto, 2021). Documents that can be used in the payroll cycle include documents listing changes in employee salaries, attendance cards, work hour cards, salary lists, payroll recaps, salary envelopes, and proof of cash out. The elements of internal control in the payroll cycle are classified based on organization, authorization system, recording procedures, and good practices.

Internal Control

According to Ainur Rozikin, internal control is a process of controlling and motivating employees by management to achieve company goals and evaluate the level of compliance with standard operating procedures and applicable laws (Nusa et al., 2023). Internal control allows for the supervision and measurement of resources within an institution (Andriani et al., 2023). There are five components of the internal control system in government institutions based on Government Regulation of the Republic of Indonesia Number 60 of 2008 concerning the Government Internal Control System, which are the control environment, risk assessment, control activities, information and communication, and internal control monitoring.

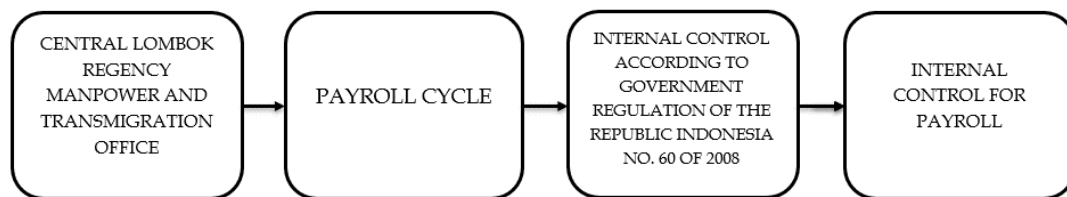


Figure 1. Conceptual Framework

METHODOLOGY

This research was conducted through field research, meaning that the data used is obtained by recording and gathering various information at the research location. This particular study adopts a qualitative research approach. It relies on both primary and secondary data sources. Primary data is derived directly from the institution through observations and interviews conducted with employees directly involved in the study's subject. Secondary data is data collected through records, official institution documents, and processed data such as a brief history of the institution, organizational structure, and other documents.

Data collection procedures in this research through :

1. Non-participant observation where the researcher only observes what happens at the research location.
2. Direct interviews with the payroll treasures of the Central Lombok Regency Manpower and Transmigration Office regarding the issues under study including the implementation of the payroll accounting information system and payroll internal control.

3. Documentation through capturing documents and records related to the payroll cycle of the Central Lombok Regency Manpower and Transmigration Office.

RESEARCH RESULT

The system used in the payroll cycle at the Central Lombok Regency Manpower and Transmigration Office is Regional Government Information System (SIPD, *Sistem Informasi Pemerintah Daerah*). Every employee whose name is listed on the system will be given a salary in accordance with their position based on the appointment decree while referring to Government Regulation of the Republic of Indonesia number 15 of 2019. There are differences in salary provision between civil servants and non-civil servants. Salaries for employees with civil servant status come from the central government while non-civil servants come from APBD funds based on local government policies. In addition, employees with civil servant status are paid not based on working hours, which means that the level of attendance does not affect the amount of salary and the employee concerned still gets a salary according to the nominal amount that should be obtained. The attendance rate of employees with civil servant status will affect the amount of TPP or additional employee income allowance given every 15th of the following month.

The payroll accounting information system at the Central Lombok Regency Manpower and Transmigration Office includes:

1. Related Accounting Functions

- a. Personnel Function

The personnel function at the Central Lombok Regency Manpower and Transmigration Office is in charge of managing employee promotions, periodic salary increases, and additional employee income allowances. Furthermore, the personnel function at this office doubles as an attendance timekeeping function in charge of recapitulating the employee attendance list. The attendance list that is the responsibility of the personnel function of the Office is a manual attendance list signed by each employee.

- b. Accounting Function

The accounting function at the Central Lombok Regency Manpower and Transmigration Office only focuses on money for activities and not for payroll. This office only serves as a facilitator who distributes salaries from the central government to each employee so there is no accounting record keeping related to payroll transactions.

- c. Salary List Maker Function

This function has the duty to compile a salary list that is the right of each employee. The Central Lombok Regency Manpower and Transmigration Office does not directly compile a salary list for each employee but receives a salary list that has been compiled by the BKPP finance section at the regent's office. The salary list is made in the form of a request and then submitted to the Manpower and Transmigration Office which then based on the salary list the institution distributes the

salary to each employee. The Central Lombok Regency Manpower and Transmigration Office in this function only makes a list of salary receipts in accordance with the payroll request for archival purposes.

d. Financial Function

The financial function in the payroll cycle at the Central Lombok Regency Manpower and Transmigration Office is responsible for recapitulating payroll request, archiving documents from the BKPP finance section, and distributing employee salaries to related banks through the NTB Syariah Bank as intermediary.

2. Documents Used

a. Attendance List

The attendance list document contains data on the attendance of 59 employees at the Office. The attendance list is a combination of the attendance list of employees who work at the Office and employees who work in units under the auspices of the Office. Attendance is done through fingerprint, face ID, and attendance manually. Attendance through fingerprint and face ID is carried out by employees with civil servant status. Whereas manual attendance through absence signatures is carried out by all employees, both civil servants and non-civil servants as a form of control.

b. Salary list

The salary list is a document that shows the amount of salary for each employee. Similar to the attendance list document, the employee salary list document contains a combination of the salary list of employees who work at the Office and the salary list of employees who work in units under the Office.

c. Payroll Recap

A summary of employee salaries for a period is contained in a recap of the payroll. The recapitulation of employee payroll is contained in a salary request.

d. Salary Slip

A salary slip is a document intended to record the details of the salary received by each employee. The salary paid is the net salary after being deducted with deductions for some contributions such as for garbage, the spouse group organization, zakat, social, and other deductions. At the Office, the salary slip is given to the employee concerned using an envelope. After the use of ATMs began to develop, every employee is required to have an ATM so that the provision of salary slips has stopped. Proof of salary payment transfer will be sent by the payroll treasurer via email to each employee. Even so, the payroll treasurer still makes salary slips in the form of soft files as an archive.

e. Payment Request (SPP) and Payment Order (SPM)

The Central Lombok Regency Manpower and Transmigration Office enter employee data into SIPD and then submits a request for employee salaries. After that, it will produce SPP/SPM and Fund Disbursement Order (SP2D) documents. The SP2D document is not issued by the

Office as a regional apparatus but by the finance department at the regent's office.

3. Reports Produced

a. Attendance Report

The attendance report at the Central Lombok Regency Manpower and Transmigration Office is in the form of a reconciliation held by the personnel section. In this report there are details of the percentage of employee attendance and the percentage of e-smart filling.

4. Procedures that make up the Payroll Accounting System

a. Time Attendance Recording Procedure

The attendance recording procedure is used to record the attendance time of each civil servant. Recording is done through attendance using face id and fingerprint which has been connected to the personnel section of the Regent's office, which is BKPP. Employee attendance at each regional apparatus will be recapitulated by BKPP and then will be calculated using a percentage.

b. Payroll Preparation Procedure

The Central Lombok Regency Manpower and Transmigration Office does not carry out procedures for making a salary list but only utilizes the salary request that has been prepared by the finance department at the regent's office as a reference for distributing each employee's salary.

c. Salary Payment Procedure

At this stage the Office payroll treasure distributes employee salaries via ATM transfer.

DISCUSSION

The payroll cycle of the Central Lombok Regency Manpower and Transmigration Office begins with the collection of salary request at the BKPP finance section. Salary request contains a list of net salaries for each employee after adding allowances and deducting deductions. After receiving the salary request from the BKPP finance section, the payroll treasurer recapitulates the salary request through the creation of a salary receipt list template for archiving purposes. Each data entry is then inputted into SIPD. There are two documents produced in this process, namely the SPP and SPM documents. The SPP document is prepared by the payroll treasurer and submitted to the head of the Office for signature. The head of Office will then issue the SPM and submit it to the BKPP finance section. After receiving the SPM from the head of the Office, the BKPP finance section will issue SP2D which will be submitted to the NTB Syariah Bank payroll section. The payroll treasurer of the Manpower and Transmigration Office then distributes data on the amount of employee salaries to NTB Syariah Bank by bringing detailed data per employee containing name, account number, and the amount of salary received. The final stage is for NTB Syariah bank to transfer the salary to each employee.

The implementation of the payroll accounting information system at the Central Lombok Regency Manpower and Transmigration Office has used complete documents as needed. However, some forms of documents such as

proof of cash out, salary envelopes, and working hour cards are not used. The Manpower and Transmigration Office does not make any accounting records including making proof of cash out because the recording has been carried out by the BKPP finance section. Providing salaries using envelopes has long been carried out at the Office, but after the existence of ATMs, every salary is given through ATM transfers so that salary envelopes are no longer used. Regarding the working hours card, the Office does not use this document because all employees are not paid based on working hours. This is in line with the results of research by Wulandari & Maula (2022) which shows that civil servant payroll documents at BPS no longer use envelopes and working hours cards.

The internal control system in the payroll cycle of the Central Lombok Regency Manpower and Transmigration Office is as follows:

1. Organization
 - a. The payroll preparation function has been separated from the finance function. The finance function is performed by the payroll treasurer while the payroll preparation function is performed by the BKPP finance section.
 - b. The time attendance recording function is not separate from the personnel function.
 - c. The finance function sends proof of transfer and makes a pay slip as proof of salary payment.
2. Authorization System
 - a. Every employee whose name is listed on the salary list has an appointment decree. Civil servants are based on a central decree while non-civil servants are based on a decree made by the regent of Central Lombok regency.
 - b. Changes in employee salary rates due to promotion are based on a decree and the nominal is in accordance with the provisions of government regulations. The decree is made through the personnel function of the Office.
3. Recording Procedure
 - a. Preparation of the payroll has been verified by the finance function before salaries are paid to employees.
4. Good Practices
 - a. The calculation of employee income tax has been adjusted to the amount of employee income. Income tax article 21 of each employee has been deducted by the institution and the amount is stated on the salary request.
 - b. Each section carries out its duties in accordance with its responsibilities.

The implementation of the payroll accounting information system has an impact on the internal control of the Central Lombok Regency Manpower and Transmigration Office. The implementation of internal control at the institution is still not good because there are elements of control that are implemented inappropriately. The first element is the control environment which consist of upholding integrity and ethical values, commitment to

competence, conducive leadership, forming an organizational structure as needed, delegating appropriate responsibilities and authorities, implementing sound policies regarding human resource development, realizing the role of effective government internal supervisory apparatus, and good working relationship with related government institutions.

Enforcement of integrity and ethical values at the Central Lombok Regency Manpower and Transmigration Office is carried out through the implementation of government activities in accordance with standard operating procedures and complying with regulations within the institution such as compliance with office entry and return hours. The Central Lombok Regency Manpower and Transmigration Office has an organizational structure in its work environment as a form of clarity of authority and responsibility. Through this organizational structure, the position of each employee, especially the leader, is very important in creating a conducive work environment. This then supports the implementation of the payroll cycle where the head of the Office as the leader and the payroll treasurer are jointly involved in the SPM issuance procedure. The establishment of an organizational structure as a form of responsibility is in accordance with research conducted by Fajarsari (2022). In addition, aspects of commitment to competence and delegation of responsibilities have been implemented well through the assignment of employees according to their competence, especially for employees who have tasks with certain specifications, for example employees in charge of the finance section or employees who serve as instructors in units under the auspices of the Office. Assigning tasks according to competence indicates that each job is done by the right person and each employee will better understand their responsibilities, this corresponds to the research undertaken by Rejeqi et al., (2023). Good working relationship between the Central Lombok Regency Manpower and Transmigration Office and other institutions, especially in the payroll cycle, can be seen through the implementation of salary payment procedures involving the BKPP finance section and related banks. Aspects of the control environment such as the preparation and implementation of sound policies on human resource development and the realization of the role of an effective internal government supervisory apparatus are still not seen to be implemented at the Office.

A good payroll system does not only rely on accurate salary calculations but needs to involve internal controls to manage payroll-related risks. Internal control in the form of risk assessment is carried out through risk identification and risk analysis. Risk identification in the payroll cycle is carried out by utilizing SIPD to minimize the occurrence of errors. In addition, the use of SIPD can ensure that only authorized employees have access to the payroll system. This in accordance with Silalahi (2019) which shows the use of payroll applications to minimize errors and estimate future risks. To determine the impact of the identified risks, no risk analysis has been applied.

The third element of internal control is control activities including reviews of the performance of the government institutions concerned, enhancing human resources, controlling the management of information

systems, physical control over assets, determining and reviewing performance indicators and measures, separation of functions, retification of essential transactions and events, accurate and timely recording of transactions events, restricting access to resources and records, accountability for resources and records, and good documentation of important transactions and events. Control activities at the Central Lombok Regency Manpower and Transmigration Office are not good enough because not all the scope of control activities is implemented properly.

Every record and document related to the payroll cycle has been recorded in a timely manner every month. Furthermore, these important records and documents will be kept as archives as a form of control. Every document related to the payroll cycle is always archived and only be accessed by the payroll treasurer. Archives of important records are in the form of hard files to be kept in the office and there are soft files to be kept by the payroll treasurer. Controlling documents and records through archiving is in accordance with Yanti & Mustaffa research (2022) which shows archiving records on hard drives as a form of company efforts to secure records. The same applies to the use of payroll accounting information system through SIPD, control over the management of information systems has been implemented through the input of payroll data in SIPD which is only carried out by the payroll treasurer. Any information related to payroll contained in SIPD can be only accessed by the payroll treasurer as the authorized party.

The aspect of authorization important transactions and events has been implemented properly through the granting of authority from the head of the Office to each employee to carry out their respective duties. In the payroll cycle, the head of the office authorizes the payroll treasurer to carry out salary payment procedures. This is agreement with the research completed by Indrasti & Sulistyawati (2021) which shows the authorization of the company in the form of the role of managers as superiors giving authority to subordinates to carry out certain jobs.

Control activities are not good because there is inadequate separation of duties in several functions. The payroll treasurer with the expenditure the treasurer is carried out by one person because there is a split in the regional apparatus resulting in a shortage of employees. In addition, the function of recording attendance is carried out by the personnel function where this can raise concerns about manipulation of policies related to working time and attendance for the benefit of certain groups. This is in line with the results of research (Ustadi *et al.*, 2022) which shows that company functions do not carry out their duties properly because there are duplicate tasks, especially in the personnel function. Other control activities such as reviewing the performance of the government institution concerned, fostering human resources, determining and reviewing performance indicators and measurer, accountability for resources and recording, and good documentation of every transaction and important event have not been reflected in the implementation of the payroll cycle at the Central Lombok Regency Manpower and Transmigration Office.

Internal control in the form of information has been carried out through the use of SIPD as a payroll system so that the information needed is available on the system, besides that communication has been carried out effectively between the Office, office shading units, BKPP, and related banks so that each payroll procedure is carried out on time. The last internal control element is monitoring, where every procedure carried out in the payroll cycle is not supervised by the authorized party. This finding is in line with the results of research conducted by Jones et al., (2020).

CONCLUSIONS AND RECOMMENDATIONS

Based on the results of research and discussion, it can be concluded that the internal control of the payroll cycle of the Central Lombok Regency Manpower and Transmigration Office is as follows:

1. The Central Lombok Regency Manpower and Transmigration Office has implemented an accounting information system in the payroll cycle using SIPD by inputting payroll data provided by the BKPP finance section.
2. The payroll accounting information system at the Central Lombok Regency Manpower and Transmigration Office is in accordance with the applicable system, supported by the existence of related functions, the use of documents, reports generated, and procedures that make up the payroll accounting system.
3. The internal control system in the payroll cycle of the Central Lombok regency Manpower and Transmigration Office is not good enough due to the lack of adequate separation of duties
4. The internal control system of the Central Lombok Regency Manpower and Transmigration Office is still not good because not all elements of internal control are implemented as regulated in Government Regulation of Republic of Indonesia Number 60 of 2008.

To make internal control even better, the Central Lombok Regency Manpower and Transmigration Office can add accounting functions related to the payroll cycle to avoid duplicate tasks while reducing fraud. In addition, it is necessary to conduct a thorough evaluation and supervision of each institution activity, especially on budget-based activities such as payroll procedures so that institution's internal control system can fulfil the provisions of Government Regulation.

ADVANCED RESEARCH

The limitations of this study are the lack of in-depth information on the overall internal control of the institution and the lack of sources used. Future researches can dig deeper into internal matters at the institution and all parties related to payroll are used as sources to obtain broader research data.

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