



## Payroll System Analysis in Culinary Business: Case of Kedai Pek Kau 89 Rungkut Madya – Surabaya

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### ABSTRACT:

**Purpose:** This study aims to examine the implementation of the payroll and wage system at Kedai Pek Kau 89 Pangsit Mie Ayam, a small business in the culinary sector, and to identify existing weaknesses that may affect employee motivation, satisfaction, and operational performance. The study focuses on how payroll systems influence not only timely compensation but also the overall trust and well-being of employees in a small-scale business setting.

**Method:** A descriptive research design with a qualitative approach was used in this study. Data were collected through in-depth interviews and direct field observations with the owner and employees to explore the current payroll practices and internal control mechanisms implemented in the business.

**Findings:** The findings show that the existing payroll system is not fully aligned with proper internal control standards. One of the critical issues identified is the ineffective monitoring of employee attendance, which results in inaccurate salary calculations, employee dissatisfaction, and reduced morale. These deficiencies also contribute to inefficiencies in payroll processing and may hinder the long-term performance of the business.

**Implication:** These results underline the need for a more structured internal control system, particularly in the area of attendance tracking and documentation practices. Implementing these improvements can help ensure fair and accurate salary distribution, improve employee satisfaction, and promote a more efficient and sustainable operation.

**Originality:** This study provides original insights by exploring payroll system challenges in a small culinary business a context that is underrepresented in current research. It also offers practical recommendations that can serve as a reference for similar micro and small enterprises facing comparable payroll issues.

**Keywords:** accounting system, employee, flowchart, internal control, payroll, personnel.

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## INTRODUCTION

In general, a company needs a workforce that not only has technical expertise and good performance, but also has a good moral attitude. Performance is an achievement of work performance that can be realized by employees in their work environment, especially within the company. With this performance, an employee gets a reward, according to the position and good experience that participates in the success of the company (Prayudi, 2022). However, to obtain qualified human resources, the company must incur considerable costs because it needs to provide compensation in accordance with the performance of its employees. Compensation acts as an important indicator in efforts to retain high-quality employees. Providing appropriate compensation can support SMEs or companies in attracting and maintaining employee loyalty (Weny, 2023). In addition, technological advances that continue to develop are also very influential on improving performance in achieving company goals.



In determining the amount of operational costs in the current era of globalization, companies are required to work efficiently, effectively, and economically. Therefore, professional management and competent human resources are needed to support the optimal implementation of operational activities. For this reason, human resources need to be managed well and in a professional manner. As compensation for these resources, companies provide a series of rewards, one of which is salary (Padriyansyah & Pratiwi, 2021).

A company requires an information data processing system that supports its operational activities so that activities can run effectively and efficiently. This need can be met through the implementation of an appropriate accounting system (Wahida & Suryaningrum, 2023). The payroll accounting system is a fairly important component of the accounting system. This system consists of an interconnected framework within a company that functions to provide cost data required by stakeholders in the company, with the aim of preventing potential fraud (Dwitayanti et al., 2024). Therefore, a good and reliable payroll system is needed.

However, in reality, several essential functions are not implemented, such as the financial function that should calculate employee salaries and distribute them. The business owner actually performs this task himself. Another problem faced by the Pek Kau 89 Pangsit Mie Ayam shop is the absence of an effective payroll system. This is evident from the lack of clear separation of duties and authorities in the salary payment process. Additionally, when salaries are paid, no receipts are provided to employees. By considering these conditions, it can be concluded that the payroll and wage system applied to this culinary business still needs comprehensive evaluation and improvement. Therefore, the fundamental research question (RQ) that arises is:

**RQ:** How is the payroll and wage system applied in the culinary business sector, especially at Kedai Pangsit Mie Ayam Pek Kau 89 Rungkut Madya Surabaya?

This question is important as a basis for analysis to determine the extent to which the system used can support the principles of accountability, operational efficiency, transparency, and prevention of fraudulent practices in labor management. Therefore, this study explores the implementation of the payroll and wage system at Kedai Pek Kau 89 Pangsit Mie Ayam, a small business in Indonesia's culinary sector, to identify internal weaknesses that may negatively impact employee motivation, satisfaction, and operational performance.

While payroll systems in large enterprises have been widely examined, a significant research gap remains in understanding how these systems function—and sometimes fail—within micro and small businesses. Addressing this gap, the study highlights a critical issue: the lack of effective attendance monitoring, which leads to salary miscalculations, employee dissatisfaction, and broader inefficiencies. The novelty of this research lies in its qualitative lens applied to a real-world, underrepresented small business environment, offering first-hand insights through interviews and field observations. The study's key contribution is its practical recommendations for strengthening internal control systems—particularly in attendance tracking—to ensure accurate compensation and foster a more trustworthy and efficient business operation that other small enterprises can learn from.

## LITERATURE REVIEW

### Payroll Accounting System

Mulyadi (2016:2) explains that a system is a collection of interrelated elements that work together to achieve specific objectives. An accounting system refers to an organized structure of forms, records, and reports that are systematically coordinated to provide financial information needed by management to support effective company operations.

The development of accounting systems generally aims to deliver information that supports the management of new business activities, enhance the quality and accuracy of information produced by existing systems, and improve the structure of that information (Andhaniwati, 2022). It also seeks to strengthen accounting controls and internal checks to increase the reliability of accounting data, ensure comprehensive accountability, safeguard company assets, and minimize clerical costs associated with maintaining accounting records.

The application of accounting systems in each company varies greatly. In fact, companies operating in the same field do not necessarily use similar accounting systems. This shows that the application of the accounting system in a company is tailored to the specific conditions and needs of

the company. According to [Weny \(2023\)](#), a company system cannot copy another company's system even though it has proven effective in other companies and the same business field. The company must be able to create its own system by adjusting or modifying the existing system ([Kusnadi & Kirana, 2023](#)).

Payroll typically refers to the complete set of financial records and data concerning employee compensation, including salaries, wages, overtime pay, bonuses, deductions, tax withholdings, and garnishments for services performed over a designated time period ([Nur et al., 2025](#)). According to [Mahardika et al. \(2023\)](#), the payroll accounting system encompasses all processes related to calculating and disbursing employee salaries or wages. In addition to determining the amount to be paid, the system also includes time tracking and the distribution of salaries to the appropriate recipients. Manually calculating employee salaries is often time-consuming and prone to errors because of the numerous applicable regulations. As a result, automated payroll management systems are increasingly utilized to streamline and accelerate the process ([Callewaert & Vennekens, 2024](#)). The payroll and wage system included in the company's accounting system aims to provide accurate and thorough information through systematic procedures and records regarding the income that each employee must receive. The payroll system typically comprises two sections: payroll payments and payroll deductions. Payroll payments encompass various components like annual and monthly basic salaries, grade levels, and allowances for each staff member ([Ojedele, 2023](#)). This system can calculate the salary of every employee per month and annually efficiently and effectively. Moreover, it can keep the records of employees' data, including their pay, allowances, and deductions, on a monthly basis in the data mart. Additionally, the system can speedily and automatically generate employees' payslips, accurate reports, and detailed statistics ([Ahmed et al., 2023](#)). Because salaries and wages are very important, handling them must be taken seriously in order to prevent fraud. Proper salary management and accurate calculations enable companies to increase the motivation of less productive employees, reward high-performing employees, and improve company performance to continue to generate profits ([Dirani et al., 2024](#); [Jayanti & Trisnaningsih, 2025](#)). Therefore, an effective and reliable payroll and wage system is needed.

Salary is usually given as compensation for services performed by employees at the managerial level, while general wages are given as compensation for work performed by executive employees or laborers. In general, salaries are generated regularly every month, while wages are calculated based on the number of working days, working hours, or the number of products produced by employees ([Mulyadi, 2016:309](#)). The amount of salary or wage should be the result of an initial agreement between the employee and the company as compensation for the knowledge and skills contributed by the employee to the company.

Documents used in the payroll system include supporting documents for salary and wage changes, attendance cards, payroll lists, salary recapitulations, pay slips, pay envelopes, and proof of cash disbursement. Meanwhile, recording in the payroll system includes general journals, product cost cards, cost cards, and employee income cards.

The functions in the payroll system include several sections. The personnel function manages employee-related matters such as recruitment, transfer, and dismissal. The timekeeping function records employee attendance independently. The payroll function prepares salary details and deductions, then submits them to the accounting department for recording and making proof of cash out. The finance function is in charge of filling out checks for salary payments and cashing the checks and then handing them over to employees. In addition, according to [Ferdila & Lailiyah \(2022\)](#), salary payments can also be made through banks by transferring money directly to employee accounts.

The network of procedures in the payroll system includes several stages. First, the time attendance recording procedure is carried out to record employee attendance through attendance. Second, the payroll preparation procedure uses data such as appointment decision letters, promotions or demotions, dismissals, attendance lists, and previous salary data. Third, the salary cost distribution procedure is carried out to charge labor costs to departments that receive benefits from the labor. Furthermore, the procedure for making cash out is carried out based on data indicating cash expenditure. Finally, in the salary payment procedure, the accounting function makes a cash expenditure order, then the finance function disburses funds and distributes salaries to employees, either through salary envelopes or bank transfers.

### **Elements of Internal Control of Payroll and Wage System**

As cited by [Haryadi & Triyanto \(2021\)](#), Mulyadi explains that the internal control system consists of coordinated organizational structures, methods, and procedures designed to protect company assets, ensure the accuracy and reliability of accounting data, promote operational efficiency, and support

adherence to management policies. The employee payroll process in a company usually consists of several stages, such as salary calculation, salary recording, and salary payment. Each of these stages is very vulnerable to errors that can occur due to a lack of accuracy from the officer handling the payroll. A good payroll system does not only rely on accurate salary calculations but needs to involve internal controls to manage payroll-related risks (Nur'aida & Sasanti, 2024). In addition, if the payroll process is not managed properly, the potential for fraud is also greater. Therefore, an effective payroll process can only be realized if there is a strong internal control system, so that payroll procedures can be carried out in accordance with company policy. Implementing an effective and accurate payroll system is one approach to enhancing internal control within an organization. Internal control serves as a monitoring mechanism that enables management to assess whether activities are being carried out as intended and to make corrections when deviations occur. Therefore, it is essential for an organization to establish strong and reliable internal control measures (Sepiyana et al., 2024).

1. The Salary and Wage Register Preparation Function must be separate from the Salary and Wage Payment Function.

In the payroll and wage accounting system, the personnel function is responsible for the availability of various operating information, such as employee names, number of employees, rank, number of family dependents, wage rates, and various employee welfare rates. This operating information is used as the basis for generating accounting information in the form of salaries and wages presented in the list of salaries and wages. Based on the research by Muanas et al. (2022), it is important for a company to implement a well-structured payroll system. Without it, there is a higher risk of fraud or irregularities in the execution of employee responsibilities. One effective way to prevent such fraud is through a clear and strict separation of duties and functions.

2. Time Card Must Be Authorized by the Timekeeping Function

Since attendance is one of the bases in determining employee income, each employee's attendance data must be validated by the time recording function so that it can be used as a valid reference in calculating salaries and wages and other needs.

3. Salary and Wage Register Must Be Authorized by the Personnel Function

As mentioned earlier, the list of salaries and wages is a document used as the basis for paying salaries and wages to eligible employees.

4. Proof of Cash Out for Payment of Salaries and Wages Must be Authorized by the Accounting Function

Proof of cash out is an order to the finance function to issue a sum of money, on the date and for the purposes as stated in the document. This document is filled in by the accounting function (Payables Department) after this function has verified the information contained in the list of salaries and wages. The proof of cash out must be authorized by the Head of the Financial Accounting Department or a higher official.

5. Employee Earnings Records Maintained by the Salary and Wage Register Maker Function

Employee income cards not only function as a record of income received by employees during the year, but also function as a sign of receipt of salaries and wages by eligible employees. After filling in the employee's salary and wage data by the payroll maker function, it is then sent to the finance function to request the signature of the employee concerned as a receipt of salary and wages. After being signed by the employee concerned, this employee income card is stored back by the function of making a list of salaries and wages into the archive alphabetically by employee name.

## RESEARCH METHOD

This research was conducted on May 15, 2025 at Kedai Pek Kau 89 Pangsit Mie Ayam. In this study, researchers applied a qualitative approach using primary and secondary data. Bongdan and Taylor, quoted in Moleong, explain that qualitative research methods produce descriptive data in the form of spoken or written language from individuals, as well as observed behavior (Safarudin et al., 2023). The data collection techniques used are literature study or literature study, field observation, interviews. is a data collection technique carried out by digging up information through understanding (learning), study, and review of scientific journals related to the research topic. This process includes reviewing books, journals and papers. The purpose of this literature review is to obtain theories that can support or assist in analyzing the problem being studied. Field observation techniques are used to collect data needed in research, both primary and secondary data. This technique is carried out by making direct

visits and interviews to the business premises to be studied. And the interview technique which is an effort to gather more in-depth information from the source. The methods in this study were analyzed using descriptive methods and documentation methods. Descriptive analysis is an approach used to analyze, describe, and compare data obtained from Kedai Pek Kau 89 Pangsit Mie Ayam with the theoretical basis applied, so as to provide information that allows drawing conclusions. The documentation method is a way of obtaining information about something through notes, books, records, and other similar sources.

## RESULTS AND DISCUSSION

### **Payroll Accounting System at Kedai Pek Kau 89 Pangsit Mie Ayam Rungkut Madya Branch**

Kedai Pek Kau 89 Pangsit Mie Ayam Rungkut Madya Branch, which is engaged in the culinary sector, implements an employee payroll system based on daily attendance as the basis for calculating basic salary, which is then added to housing allowances and bonuses based on orders from customers. The amount of basic salary received by each employee is determined based on the length of time the employee has worked.

In the interview, the employee stated:

*"The amount of salary received by employees is strongly influenced by the length of service of the employee."*

### **Accounting Documents and Records in the Payroll Accounting System at Kedai Pek Kau 89 Pangsit Mie Ayam, Rungkut Madya branch**

The documents used in this payroll process are not sufficient to fulfill payroll procedures, because the documents created by this company are incomplete and not in accordance with the accounting system theory put forward by Mulyadi (2016:310). Documents used in the payroll system are supporting documents for salary changes, attendance cards, working hour cards, pay slips, salary recap slips, salary certificates, salary envelopes, and proof of cash deposits. However, this company only uses salary envelope documents where these salary envelopes are directly distributed to employees by the personnel department (owner). The accounting records used in the payroll system are general journals, product cost cards, cost cards, and employee income cards. However, this company does not apply accounting records in its payroll procedures.

In the interview, the employee stated:

*"The payroll document I received was only a pay envelope containing cash, not a pay slip. I was also not asked to sign a pay receipt."*

*"As far as I know, the shop owner does not record payroll expenses either, so there are no specific records."*

From the results of the interview, it can be concluded that the Rungkut Madya branch of Kedai Pek Kau 89 Pangsit Mie Ayam does not document supporting documents such as pay slips and does not use accounting records in accordance with existing procedures.

### **Related Functions in the Payroll Accounting System at Kedai Pek Kau 89 Pangsit Mie Ayam, Rungkut Madya branch**

The only function directly involved is the staffing function, which is run by the shop owner. This is because the entire process starting from recruiting employees, determining salaries, recording finances, to implementing salary payments is fully handled by the staffing department. However, this staffing function is under the control of the personnel function. Both functions, namely staffing and personnel, are run by the same person, so that the entire payroll system is managed centrally and simply.

In the interview, the employee stated:

*"No, there are no departments like that here. The problem is that all those who handle the shop owner himself are not other people."*



From the results of the interview, it can be concluded that at Kedai Pek Kau 89 Pangsit Mie Ayam, Rungkut Madya branch, the only function directly involved is the staffing function carried out by the shop owner. Meanwhile, according to Mulyadi (2016:317) the functions related to the payroll accounting system consist of the staffing function, time recording function, salary and wage register maker function, accounting function, and finance function.

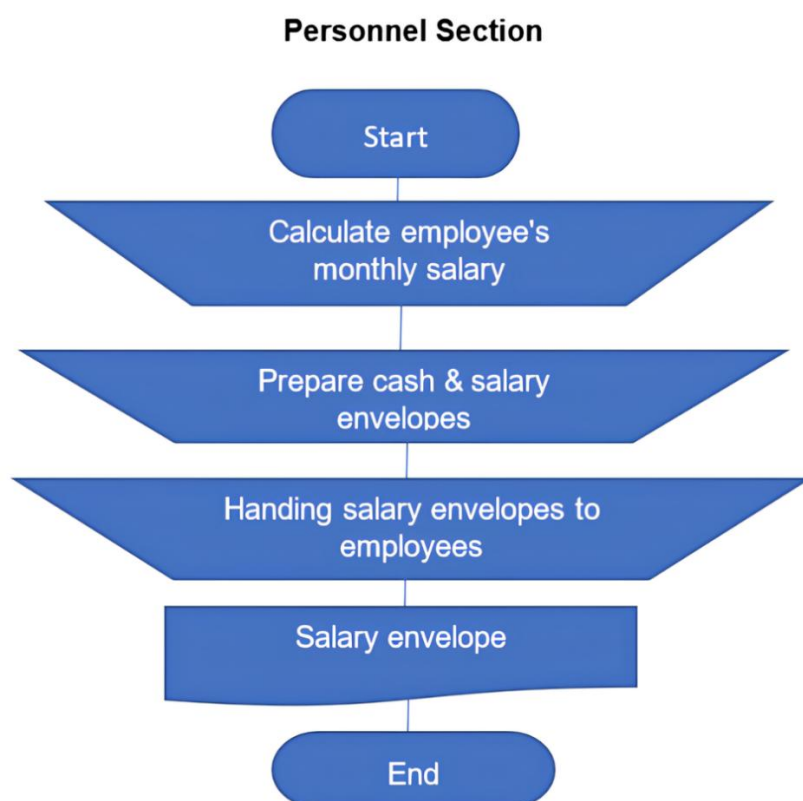
#### **Network of Related Procedures in the Payroll Accounting System at Kedai Pek Kau 89 Pangsit Mie Ayam Rungkut Madya branch**

According to Mulyadi (2016:319), the network of procedures that make up the payroll system consists of time attendance recording procedures, payroll preparation procedures, salary cost distribution procedures, cash expenditure proof procedures, and salary payment procedures.

In the interview, the employee stated:

*"I receive my salary directly from the owner without any intermediaries. So there are no special employees who take care of salary issues."*

However, in practice, Kedai Pek Kau 89 Pangsit Mie Ayam Rungkut Madya, the set of procedures applied is only limited to salary payment procedures. Where in practice, this procedure only involves the personnel function which should involve several different parts, such as the personnel department in charge of recording employees and calculating salaries, then the accounting department is in charge of recording payment obligations, and the finance department processes payments to employees. This separation is important to maintain accuracy and prevent errors or fraud in the payroll process. However, in reality at Kedai Pek Kau 89 Pangsit Mie Ayam Rungkut Madya, this procedure is only carried out by the personnel department who doubles as the accounting and finance department. Although the payment process is still running, this shows that the procedure has not been carried out in accordance with ideal internal control principles because there is no good separation of functions.

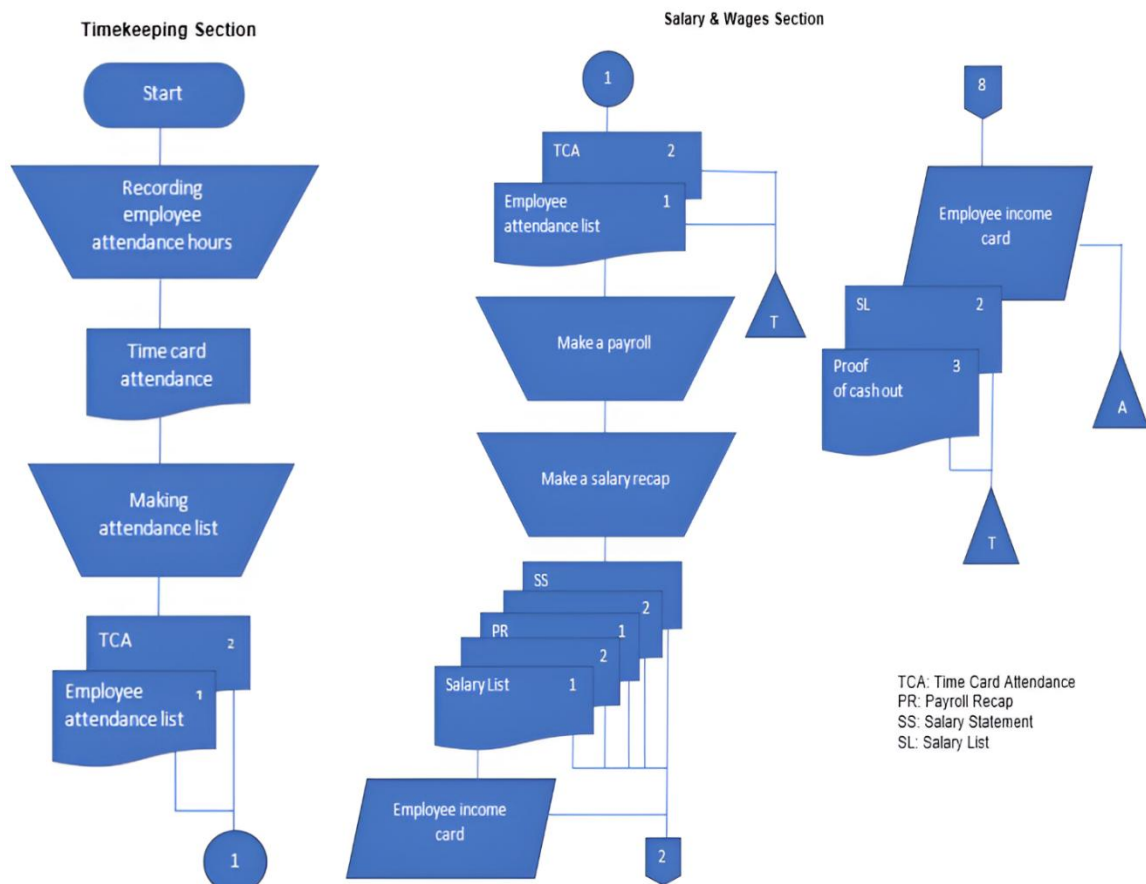


**Figure 1.** The Payroll Flowchart of Kedai Pek Kau 89 Pangsit Mie Ayam Rungkut Madya  
Source: Interviews, observation, and documentation – processed (2025)

Figure 1 shows the Flowchart of Kedai Pek Kau 89 Pangsit Mie Ayam Rungkut Madya. Flowchart is a graphic description that has a sequence of processes or steps systematically to run a program. Flowchart can provide an overview for the analysis, design, coding process in solving more detailed problems in the operational process of an activity (Listyoningrum et al., 2023).

Based on the flowchart in Figure 1, this flowchart describes the stages of the employee salary payment process manually using cash. The process begins with the "Start" step, which is a sign of the start of all activities. The first stage is the calculation of the employee's monthly salary, where the personnel department will calculate the total salary that must be received by each employee. After the salary is calculated, the next step is to prepare cash and salary envelopes. Cash is taken from the company's cash, then divided according to the amount of salary for each employee and put into an envelope with the recipient's identity. Next, the salary envelope is handed over to the employee, where the personnel department distributes the envelope directly to the recipient. The salary envelope document shows that the employee has received their salary in physical form. Finally, the process is closed with the "End" step, which means that the entire series of salary payment activities has been completed completely. This flowchart as a whole reflects the manual payroll system that is still used in some agencies or small-scale companies.

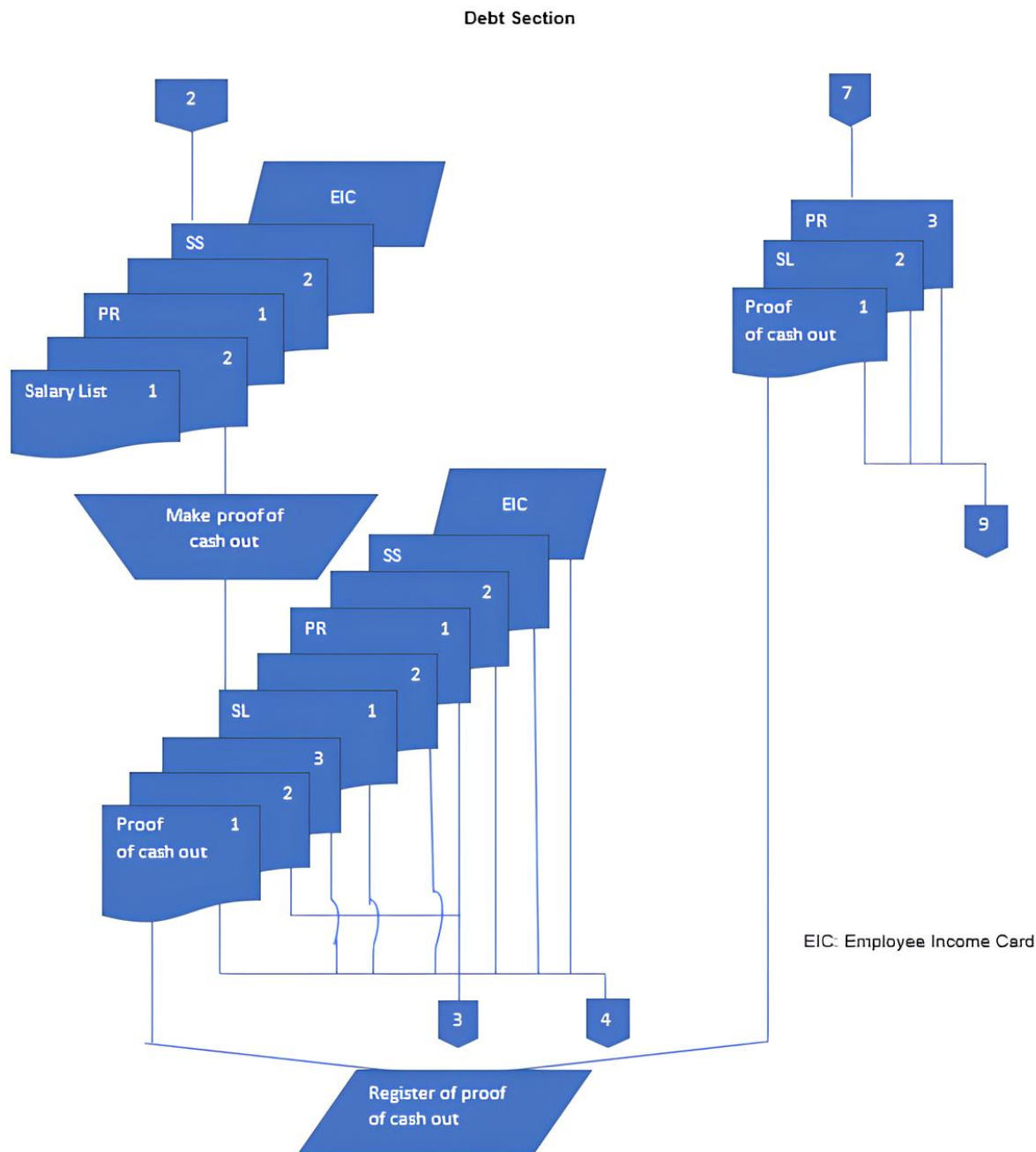
According to the theory put forward by Mulyadi (2016:325-328), the following Figure 2 is a flow chart of the internal control system that should be implemented.



**Figure 2.** Flowchart of Timekeeping Section and Salary and Wage Flow

Source: *Sistem Akuntansi* (Mulyadi, 2016:325)

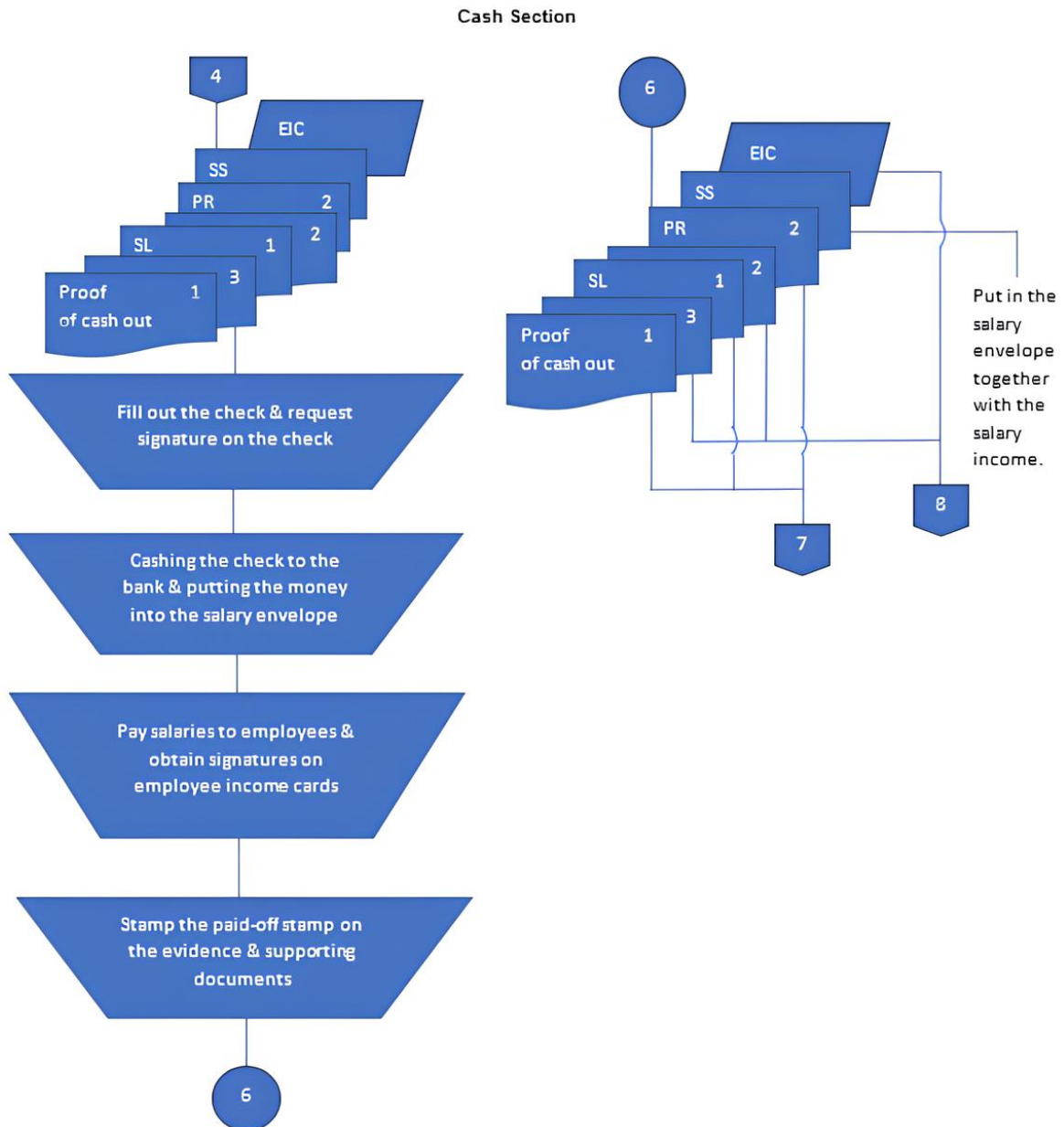
With reference to Figure 2, the timekeeping department after recording employee attendance then creates an employee attendance list. The attendance card and attendance list are submitted to the salary and wage department to make a salary recap. After the salary recap is made, it will be recorded into the employee's income card. Employee income cards along with all documents will be submitted to the debt department.



**Figure 3.** Flowchart of Debt Section  
 Source: *Sistem Akuntansi* (Mulyadi, 2016:326)

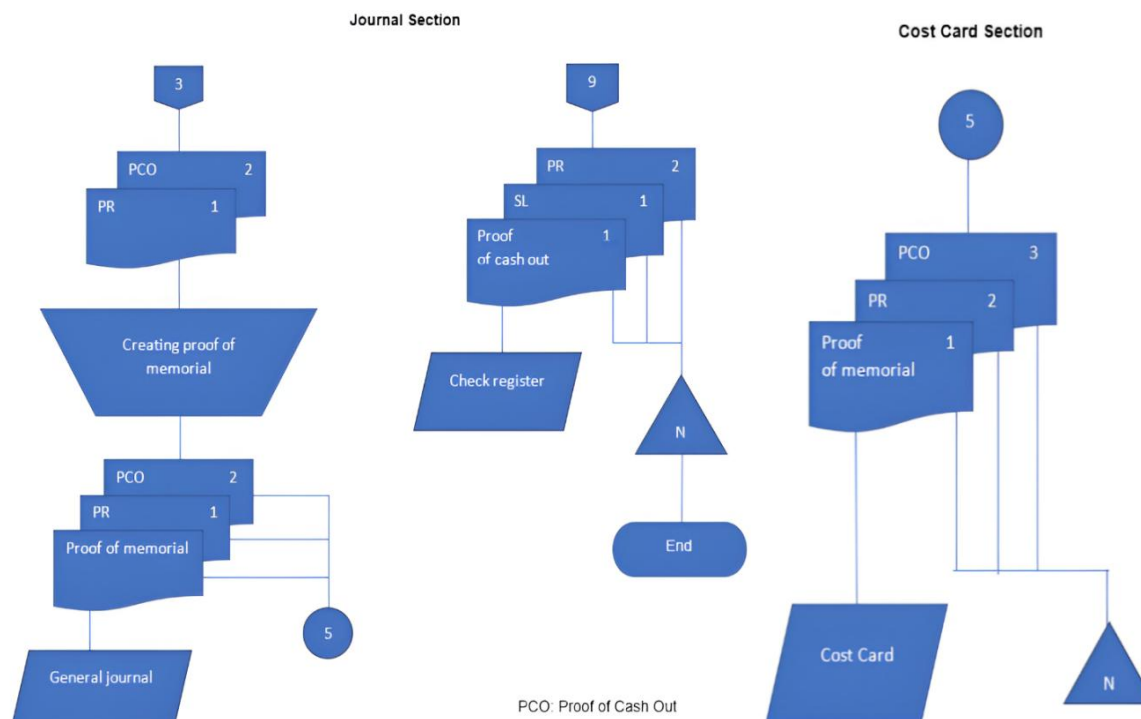
Referring to [Figure 3](#), the payables department will then make proof of cash out and record it in the proof of cash out register. Then distribute the proof of cash out document sheet one and recap payroll sheet one submitted to the journal section and other documents will be submitted to the kasa section.





**Figure 4.** Flowchart of Cash Section  
Source: *Sistem Akuntansi* (Mulyadi, 2016:327)

Referring to Figure 4, after receiving documents from the accounts payable department, the cashier will fill out the check and submit it to the employee and ask for a signature on the employee's income card. After affixing the paid-off stamp on the supporting document evidence, the document will then be distributed. For proof of the first sheet of welding out, the first sheet of payroll and the second recap of the payroll will be submitted to the debt section again for completeness of recording in the register of proof of cash out. Then for other documents will be submitted to the salaries and wages section which will later be archived.



**Figure 5.** Flowchart of Journal Section dan Cost Card Section

Source: *Sistem Akuntansi* (Mulyadi, 2016:328)

Referring to Figure 5, the journal section after receiving documents from the accounts payable section will create a memorial receipt which is used as the basis for recording into the general journal. Proof of cash out, payroll and payroll recap received from the accounts payable department will be recorded into the check register. After receiving the memorial evidence from the journal section, the cost card section will record it into the cost card and product cost card.

### Internal Control System Weaknesses in the Payroll Accounting System at Kedai Pek Kau 89 Pangsit Mie Ayam, Rungkut Madya branch

Based on the literature of Internal Control Systems (ICS) in the book of Mulyadi and the results of interviews, the Internal Control System Weaknesses in the Payroll Accounting System at Kedai Pek Kau 89 Pangsit Mie Ayam, Rungkut Madya branch are as follows:

1. The organization at Kedai Pek Kau 89 Pangsit Mie Ayam Rungkut Madya branch is not in accordance with existing internal control system standards because all processes ranging from recording employee attendance to paying employee salaries are handled by one person in the personnel function. This means that there is no separation of functions in the implementation of the payroll system. This aligns with the findings of [Ustadi et al. \(2022\)](#), which indicate that company departments often fail to perform their roles effectively due to overlapping responsibilities, particularly within the personnel function.
2. The authorization system at Kedai Pek Kau 89 Pangsit Mie Ayam, Rungkut Madya branch is not in accordance with the standards of the internal control system. In a good payroll system, every proof of cash out for payment of salaries and wages needs to get authorization from the accounting department as a form of supervision. However, in this shop, there is no stand-alone accounting function. All activities, including cash recording and disbursement, are carried out by the personnel function which also doubles as the accounting function. In addition, there is no authorization process for proof of cash out, so this can pose a risk of error or misuse of funds because there is no prior checking or approval process.
3. Healthy practices at Kedai Pek Kau 89 Pangsit Mie Ayam Rungkut Madya branch are not in accordance with the internal control system standards.
  - a. In a proper payroll system, the process of entering time cards into the timekeeping machine needs to be supervised by the timekeeping function to ensure that the attendance data

recorded is accurate and reliable. Every employee's login information, registration information, salary information, leave information, and tasks have all been successfully saved in the database. Employee data is likewise protected, and they may quickly obtain an employee's details if they need them. Additionally, it aids in eliminating any human error that may have occurred during the manual process. It can provide fast computations for entire payroll administration (Ashika & Thiyagarajan, 2025). However, in this shop, there is no supervision of the attendance recording process, and even the entry of attendance cards into the machine is not implemented. As a result, attendance data is not formally documented. In addition, if there is a shift change between employees or there are employees who do not carry out their duties, these conditions cannot be monitored by the personnel function. This is due to the absence of an adequate reporting or recording system, so the personnel function does not have sufficient information to assess employees' daily performance.

- b. Information on employees' earnings should be recorded and kept by the party responsible for preparing the salary and wage register, using documents such as pay slips or receipts. However, in this shop, such records do not exist. Salaries are given directly in envelopes without supporting documents or signatures of receipt from employees. This results in the absence of written evidence for salary payments, which could lead to confusion or disputes if there are claims regarding unearned salaries.

The payroll accounting system at Kedai Pek Kau 89 Pangsit Mie Ayam, Rungkut Madya branch reveals several critical weaknesses in its internal control practices. One major issue is the absence of functional separation, as a single individual in the personnel role is responsible for managing every stage of the payroll process—from attendance tracking to salary disbursement. This lack of division creates vulnerability to errors and weakens oversight, echoing findings by Ustadi et al. (2022), who note that overlapping responsibilities often lead to ineffective departmental performance. Compounding this issue is the absence of an independent accounting function. All financial tasks, including the handling of cash payments, are carried out without formal authorization procedures, raising the risk of misappropriation due to the lack of accountability and review.

Equally concerning are the inadequate practices in data recording and documentation. The business does not implement a timekeeping system with supervision, nor does it properly document employee attendance, creating uncertainty in tracking work hours and evaluating individual performance. Shift changes and absenteeism go unmonitored, and there is no structured reporting system to inform personnel decisions. Moreover, salary payments are distributed informally in cash envelopes, without the use of pay slips or signed receipts, eliminating any verifiable trail of transactions. These deficiencies not only contravene standard internal control guidelines but also pose operational and financial risks that could erode employee trust and organizational reliability over time.

## CONCLUSION

The payroll system at Kedai Pek Kau 89 Pangsit Mie Ayam still has many shortcomings, such as the absence of a clear separation of duties between functions, the lack of supporting documents such as attendance cards and proof of cash out, and the absence of formal accounting records. In addition, internal control elements such as separation of functions, authorization and supervision, and healthy practices have not run optimally, coupled with the absence of a systematic flowchart. This condition makes the system vulnerable to errors and fraud. For this reason, a comprehensive improvement is needed through a clear division of tasks, completion of documents, implementation of accounting records, strengthening internal controls, and preparing a neat workflow so that the payroll system is more effective and organized.

Overall, PT Berkah Anugrah Plastik has implemented numerous internal control procedures in accordance with established theory. However, overlapping roles still exist, posing risks of errors, irregularities, and fraud. Therefore, the company needs to restructure its organizational functions to ensure a clear separation of duties and strengthen supervision mechanisms, thereby safeguarding assets and maintaining accurate financial reporting.

While this study highlights significant weaknesses in the payroll system at Kedai Pek Kau 89 Pangsit Mie Ayam—such as the lack of function separation, inadequate documentation, and the absence of structured internal controls—it is not without limitations. The research focuses solely on a single business unit, which may limit the generalizability of findings across different industries or larger

enterprises. Additionally, the qualitative approach, although rich in contextual insights, may benefit from complementary quantitative data to strengthen the robustness of the analysis.

The implications of these findings are both practical and urgent. Without immediate reforms, the business remains exposed to operational inefficiencies, errors, and potential fraud. Implementing structured internal control mechanisms, such as clear role divisions, systematic documentation, and formal accounting procedures, is essential to improving not only payroll accuracy but also employee satisfaction and organizational transparency. These measures can serve as a preventive strategy against financial discrepancies and support long-term business sustainability.

This study contributes to theory by reinforcing the relevance of internal control frameworks, such as those proposed by Mulyadi, in the context of micro and small enterprises—an area often overlooked in academic discourse. From a practical standpoint, it offers actionable recommendations for enhancing payroll governance in informal and small-scale business settings. In terms of policy, the findings underscore the need for broader guidance and capacity-building programs tailored to small businesses, helping them adopt basic internal control principles as part of regulatory compliance or organizational best practices.

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### Abbreviations

Time Card Attendance (TCA), Payroll Recap (PR), Salary Statement (SS), Salary List (SL), Employee Income Card (EIC), Proof of Cash Out (PCO).

### Authors' Contribution

GCVP searched for several sources, made flow charts, and double-checked draft articles, NSM searched for various sources of articles, drafted articles, and made references, FNR collected data, analyzed data, made flow charts, and drafted articles, NIF and ZCU collected data, analyzed data, and drafted articles.

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The authors declare no competing interests.

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### Availability of data and materials

The data and materials can be requested via email to the corresponding author.

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