

ACKNOWLEDGEMENT

To God be the glory, for His compassion, guidance, and blessings upon writer in making thesis entitled “PAYROLL SCHEME FRAUD RISK ASSESSMENT OF IMPERIAL KLUB GOLF (PT LIPPO KARAWACI TBK)” possible to be finished on time accordance to His will. This thesis was made for 3 months with all knowledge and effort obtained in three and half academic years at Universitas Pelita Harapan to attain the bachelor’s degree in economics at the Business School of Universitas Pelita Harapan. It will not be possible for this thesis to be finished without proper guidance, support, and prayers from related parties around writer. Therefore, at this moment, writer would like to express the biggest gratitude and appreciation to:

1. Niel B. Nielson, M.A., Ph.D., as the Dean of Faculty of Economics, Universitas Pelita Harapan.
2. Dr. Antonius Herusetya, Ak., M.M., CA. as the Head of Study Program of Accounting.
3. Dr. Tanggor Sihombing. B.B.A, M.B.A., as writer’s thesis supervisor for his time, guidance, knowledge, patience, and support in helping writer completing this thesis.
4. Mr. Mulyadi Noto Soetardjo, Mr. Carlito M. Monzon, Mrs. Sandra Inawaty, Mr. Irwan Suarly, Mr. Eduard Ary Binsar Naibaho, Mr. Yongbom Lee, Mr. Matthew Rodney Malcolm, Mr. Aloysius Harry Mukti, Ms. Silvia Dewiyanti, and all lecturers that names have not been mentioned, for their support, guidance, knowledge, and patience towards writer.

5. Mrs. Wiwin Puspa, Mr. Abdul Ropik, Mrs. Selly Sri Wulan, Mr. Wendyono Tju, Ms. Apenlia, Ms. Angelica Vina, and other Imperial Klub Golf staff I couldn't mention one by one for the warm welcome, support, advices, and experiences throughout 3 months of data collecting at Imperial Klub Golf.
6. Beloved dad (Supardi Kusno), mom (Jannie), and sister (Erica Josephine) for their love, good influence, guidance and endless prayers throughout writer's life.
7. Writer's partner, brother, and good friend, Algy Tanadi for the time, kindness, motivation, companionship, advices, funny jokes and patience to writer in every situation.
8. Gabriella Evangelista, for her sarcasm, all types of jokes, love, and for being a Grammar Nazi that helped improve writer's grammar since high school.
9. Everalda Oktavian, Marcelia Jessica, Priska Ayuning Kurnia, Angela Fransiska Antonio, Marcela, and Felicia Martha for the companionship, good laughter, advices and motivation.
10. Beloved friends since first semester, Nikki Roselyn Purnomo, Tesalia Tamara Ohandi, Julia Suratio, Cindy Tjiu, Giffin Velasta, Tamara Angelina, Lethicia Caroline, for friendship, and support in academic and non-academic years in Universitas Pelita Harapan.
11. To writer's beloved mentor, Edna Dinianti, and writer's mentoring group friends, Suryanti Ayuri, Stephanie Adelia Tunggal, Josephine Stephanie, Tamara Diella, Vinita, Surya Hartono and Sonny Prakarsa Sandy as writer's

first friends in University, thank you for the joyous times spent, surprises, help, team work and guidance through every step.

12. To all Representative Student Board UPH 2017/2018 members; Victor, Christie, Joseph, PW, Nicholas, Felicia, Kezia, Josephine, Feona, Roy, Glen, Jesslyn, Jesica, Clarine, Joanne, Brigitha, Daniel, Meissya, Kiko, Desry, Didi, Iron, Mory, Kirana, Reynold, Jessie, and Geby for the team work, guidance, inspiration, emotional support, critics, advices, funny conversation, and friendship.

Lastly, writer apologize for any mistake in any content and open for any suggestion.

Writer hopes that this thesis may be an inspiration, and good use for future analyst.

Thank you for all of the supports and considerations.

Karawaci, December 13, 2018

Writer

TABLE OF CONTENT

COVER PAGE.....	i
STATEMENT OF ORIGINALITY OF THESIS	ii
AGREEMENT OF MENTORING GUIDANCE FOR THESIS.....	iii
THESIS EXAMINING COMMITTEE	iv
ABSTRACT.....	v
ACKNOWLEDGEMENT	vi
TABLE OF CONTENT	ix
TABLES OF FIGURES.....	xii
LIST OF TABLES	xiii
LIST OF ATTACHMENTS	xiv
CHAPTER 1 INTRODUCTION	
1.1. Background.....	1
1.2. Research Problem	3
1.3. Research Objectives.....	4
1.4. Significance of Study.....	5
1.5. Systematic Discussion	6
CHAPTER 2 THEORITICAL FRAMEWORK	
2.1. Payroll Cycle.....	7
2.1.1. Payroll and System Definition.....	7
2.1.2. Recruitment	7
2.1.3. Employee Appraisal.....	9
2.1.4. Payroll Steps	10
2.2. Internal Control Concept	11
2.2.1. Internal Control Definition.....	11
2.2.2. Objective of Internal Control.....	13
2.2.3. COSO Internal Control Framework.....	15
2.2.4. Internal Control Limitation	21
2.3. Fraud Risk Assessment Concept.....	22
2.3.1. Fraud Definition.....	22

2.3.2. Fraud Characteristics	23
2.3.3. Fraud Risk Assessment	25

CHAPTER 3 RESEARCH METHODOLOGY

3.1. Study Case Object.....	29
3.1.1. Company Background	29
3.1.2. Company Vision and Mission	30
3.1.3. Organization Structure	31
3.1.4. Business Process.....	33
3.2. Study Case Stages	35
3.2.1. Topic Designing	35
3.2.2. Literature Research	35
3.2.3. Data Collecting and Analysis	35
3.2.4. Analysis Reporting.....	35
3.3. Data Collecting Techniques	36
3.4. Data Analysis Techniques	36

CHAPTER 4 ANALYSIS

4.1. Company's Payroll Cycle Implementation	37
4.1.1. Recruitment	37
4.1.2. Attendance	38
4.1.3. Employee Appraisal	41
4.1.4. Salaries and Wages Payment	42
4.1.5. Employee Resignation	45
4.2. Accounting Payroll Journal Entries	48
4.3. Company's Internal Control Implementation	52
4.3.1. The Control Environment.....	52
4.3.2. The Entity's Risk Assessment Process.....	53
4.3.3. The Information System and Communication	61
4.3.4. Control Activities	62
4.3.5. Monitoring of Controls	64

CHAPTER 5 CONCLUSION

5.1. Conclusion	65
5.2. Limitation.....	66
5.3. Suggestions	67

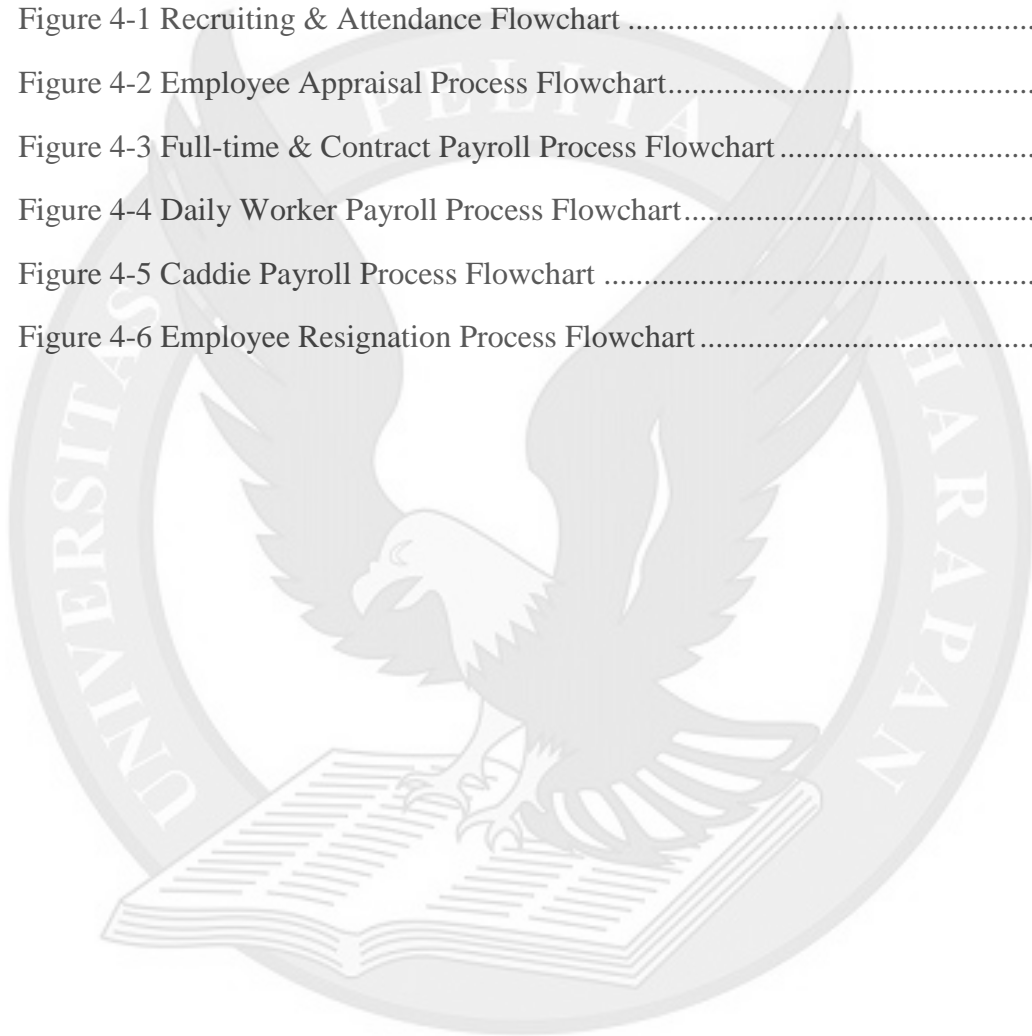
REFERENCES

ATTACHMENTS



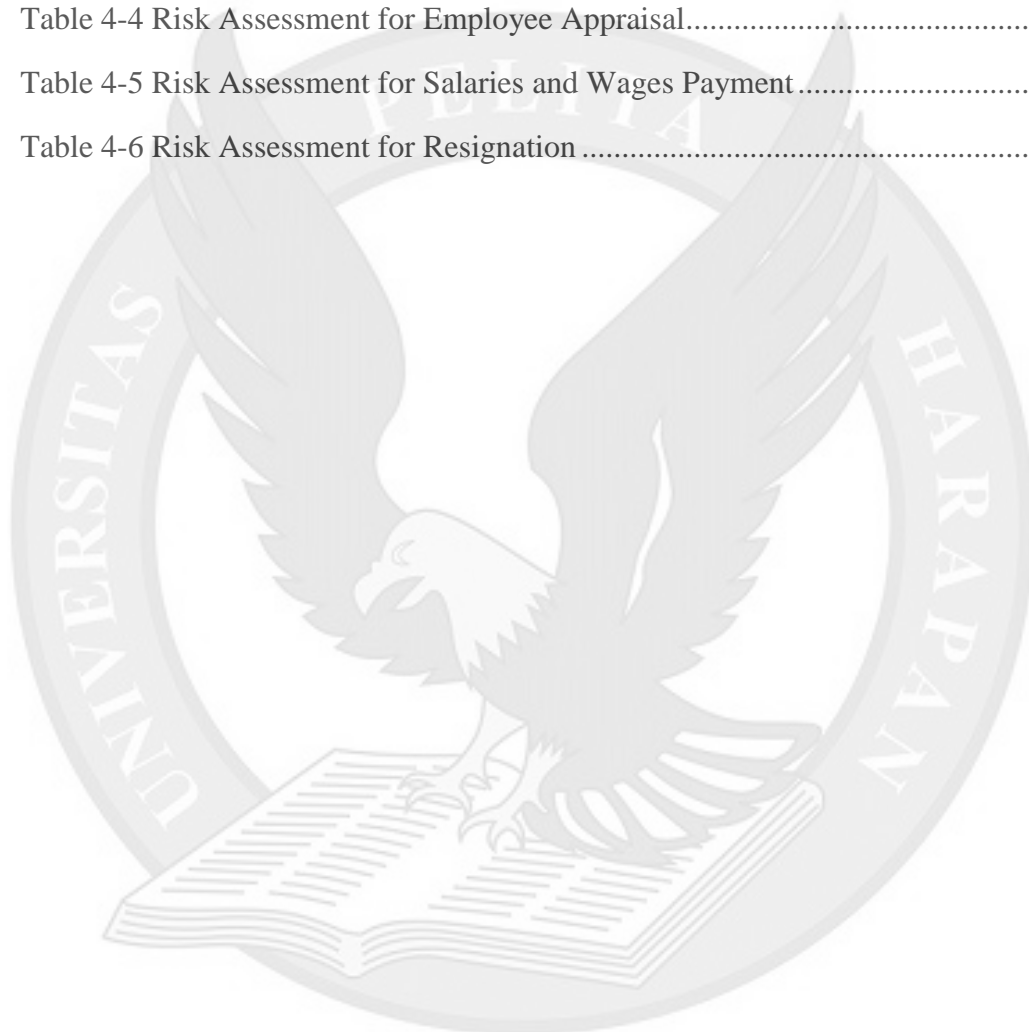
TABLES OF FIGURES

Figure 2-1 COSO Internal Control Component.....	15
Figure 3-1 Imperial Klub Golf Organization Structure	31
Figure 3-2 Imperial Klub Golf Business Process Flowchart	34
Figure 4-1 Recruiting & Attendance Flowchart	40
Figure 4-2 Employee Appraisal Process Flowchart.....	42
Figure 4-3 Full-time & Contract Payroll Process Flowchart	43
Figure 4-4 Daily Worker Payroll Process Flowchart.....	44
Figure 4-5 Caddie Payroll Process Flowchart	45
Figure 4-6 Employee Resignation Process Flowchart	47



LIST OF TABLES

Table 4-1 2015 Non-Taxable Income	48
Table 4-2 Risk Assessment for Recruitment	54
Table 4-3 Risk Assessment for Attendance	55
Table 4-4 Risk Assessment for Employee Appraisal.....	59
Table 4-5 Risk Assessment for Salaries and Wages Payment.....	60
Table 4-6 Risk Assessment for Resignation	61



LIST OF ATTACHMENTS

Attachment A Internal Control Quality Interview	A-2
Attachment B Payroll Cycle	A-10
Attachment C Organization Structure.....	A-15
Attachment D Holiday Policy	A-16
Attachment E Annual Leave	A-18
Attachment F Training Activities Example	A-21
Attachment G Payroll Journal.....	A-22
Attachment H Non-Taxable Income Regulation	A-23
Attachment I Income Statement Template	A-24
Attachment J Balance Sheet Template.....	A-26
Attachment K Resignation Employee Clearance Form	A-28
Attachment L BPJS Kesehatan, Ketenagakerjaan and Medicare	A-29
Attachment M Verification Letter of Employment	A-30