# **Abstract**

**Elissa Felicia / 35150191 / 2019 / The Implementation of Operational Auditing On Payroll Activity’s Effectiveness and Efficiency in PT Indo Surya Kencana / Advisor: Prima Apriwenni, S.E., Ak., M.M., M.Ak**.

In this modern era, Indonesia's economic growth has increasingly demanded that every company has to improve the quality and quantity of products, service to customers, and others. For this reason, the company needs to conduct an operational audit to ensure that the operational activities carried out now are efficient and effective. This is what is needed by PT Indo Surya Kencana today, especially in its payroll activities. A weakness on the internal control in payroll activities causes various problems that arise in PT Indo Surya Kencana, which is often found by employees who fudges attendance and created ghost employees. Therefore, internal control in payroll activities is very necessary. PT Indo Surya Kencana needs to review whether current payroll policies and systematics are effective and efficient.

An operational audit is an examination of operating activities, including policies, procedures and operating methods, carried out to assess whether the company needs and evaluates support, and to give approval to improve procedures that have certain weaknesses. Effectiveness that is in accordance with the objectives, while efficiency is determined on the resources used to achieve these goals.

The research method used is descriptive analysis method. The study was conducted by collecting data and information about the company's payroll activities, analyzing data through observation, questionnaires, and interviews and comparing total net sales with the total cost of salaries and allowances to assess the efficiency rate.

The results of the study concluded that the company's payroll activity had been achieved with moderate effectiveness rate of 76.67% and the company's payroll efficiency ratio in 2017 was higher than the average efficiency ratio of the previous 3 years (2014-2016) which is 3.35> 2, 89 and the efficiency ratio in 2017 is higher than 2016, which is 3.35> 3.12.

Thus the company's payroll activities have been carried out quite effectively and have been efficient. But there are still some weaknesses in company procedures which provide recommendations about the attendance process on operational inspection reports for company to assist management in making decisions.

Keywords : Operational Audit, Effectiveness, Efficiency, Payroll Activity