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FIELD REPORT

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SECTION A

1.0 INTRODUCTION

Industrial training is a type of experiential learning that gives accounting students hands-on exposure in an actual business or industrial setting. It seeks to close the knowledge gap between academically acquired theoretical information and the practical abilities needed in the industry. In essence, it contributes to the development of professional competencies, problem-solving skills, and technical expertise all necessary for a successful job in the field. Aside from that, trainees are frequently led by senior professionals who offer assistance, criticism, and mentoring during the training session. With every aspect considered, industrial training is a great way for people to get real-world experience and expertise, which can greatly improve their chances of landing a good job.

The company that I chose to do the internship with is an audit firm called Tong & Associates (Audit). As an audit trainee, I was assigned to the audit and assurance service department. I was appointed to support senior auditors and have gradually been given assignments that fit well with my accounting degree right now. Typically, as an audit trainee, I handled the profit and loss section, beginning with revenue, cost of sales, other sources of income, staff costs, and expenses. I occasionally have to manage the balance sheet and profit and loss sections for a dormant company.

Company background



Diagram 1: ETH Consulting Group Logo

A group of professional firms called Tong & Associates is based in Petaling Jaya, Selangor. The company manages audit and assurance services and is one of the legal entities of ETH Consulting Group. The additional financial services are managed by Teck Corporate Service Sdn. Bhd. and its business partner ETH Tax Consulting Sdn. Bhd. Statutory audit, special audit engagement, financial due diligence, internal audit, internal control solutions, and complete enterprise risk assessment services are among the professional services provided in audit assurance.



Diagram 2: Tong Soon Thiam,
Eric Assurance Partner (Director)
Tong & Associates

Tong & Associates is a Malaysian licence audit firm (AF 002034) and a member of the September 2016-founded Malaysia Institute of Accountants (MIA) professional body. Three employees and two partners were there at first. Mr. Eric Tong is the company's director, and Mr. Nick Wong is his partner. They are both chartered accountants with the Malaysian Institute of Accountants (MIA) and fellow members of the Association of Chartered Certified Accountants (FCCA).

Mission, Vision, and Values

- The mission is to become the primary source of business solutions, emphasising the value of communication in understanding the needs of the client.
- Tong & Associates' vision is to be a reputable and trustworthy professional auditing firm that follows rules and guidelines.
- Core Values
 1. Professionalism and integrity.
 - Being an auditing firm, they must offer fairness and integrity in their professional services. Beyond anything else, the firm needs the trust of its clients to provide a clear audit report.
 2. Excellence Service
 - The company is passionate about the quality of its services and employees. Tong & Associates takes significant risks in providing excellent service to ensure client happiness.
 3. People Development
 - Tong & Associates ensures that all its employees receive excellent training and have a positive work environment. They demonstrate their concern for their employees by providing support, arranging team outings, and motivating them while they work.

2.0 SUMMARY OF WORK DONE

During my internship, the tasks and accomplishments I have made as an auditor trainee are the company set-up, which is data preparation, corporate information, and an account summary. Next, audit execution, which made me select the sample to be tested, and field audit, in which I needed to go to the client's office to vouch for the sample selected. Here are the details about the task that I have been made:

- The company set-up involves uploading management accounts, previous year's audited reports, adjusted trial balance, tax files, audit adjustment, and PPE listing to the aBot system software. Then I need to import trial balances, debtor, and creditor trial balances for the current and previous years into a template. If the company used MPERS for the previous year, the aBot will roll over the last year's final audited trial balance before proceeding with the current year. Companies that changed from MFRS to MPERS need to go through 'Data Migrate'. The trial balance needs to be uploaded to the account using the 'Smart General Ledger', ensuring no difference between the ledger and trial balance. I also must send the email with the general ledger attachment to the aBot team for further action. The account setup section allows for actions like adding, editing, or mapping the account with the balance sheet and profit and loss subgroup.
- The audit procedure, Audit Execution, involves a comprehensive test to ensure accuracy in the amount recorded. This section includes profit or loss, assets, liabilities, and equity. As a trainee, I need to perform various tests, including lead schedule, walkthrough, test of control, samples analysis, cut-off test, and reasonableness test. The auditor generates and selects samples using the Monetary Unit Sampling (MUS) method. Also, prepare audit working papers and confirmation forms for balance sheet items to confirm accuracy.
- Fieldwork involves auditors obtaining and analyzing program data to determine controls' effectiveness. They often visit client's offices for vouching documents and preparing working papers. As assigned to a company, I learned proper vouching documents, filing methods, and interacting with clients for queries.

3.0 STRENGTHS & WEAKNESSES OF TRAINING

I learned a lot of material relevant to my role as an audit trainee from my internship at a small business. Although I was only an intern at the time, I felt that it was a positive experience because it allowed me to gain real-world work experience. An internship in a small company must have advantages and disadvantages, though. Below is a summary of the strengths and weaknesses I discovered throughout my internship.

Strengths

1. Wide Variety of Experience

Since we handle a different firm every week with a varied background, an audit trainee in a small organisation may get the chance to work on various business components and obtain a thorough comprehension of diverse tasks. Apart from that, flexibility in handling various jobs and assuming various roles as required. This is because the client contacted us to inquire about their company's status.

2. Close Relationships with Clients

Close relationships with clients facilitate better understanding and communication because they allow audit trainees to engage more directly and intimately with clients since information that needs their help is disclosed. We can provide individualised guidance and solutions because of our thorough understanding of every client's particular needs.

3. Opportunity for Leadership

Audit trainees often have the opportunity to assume leadership roles in small businesses, such as overseeing a dormant company's audit process. This involves planning, carrying out, writing reports, and sharing results. This role helps trainees develop critical leadership skills like decision-making, problem-solving, and effective communication.

Weaknesses

1. Limited Staff

A senior auditor has more work; the same goes with us; sometimes we need to work overtime to get work done before we go back home, and we have a responsibility because a small company with less than 15 teams frequently have a limited workforce. Burnout may result from working long hours in stressful environments. Both physical and mental health

can be strained by the frequent need to move between jobs and a shortage of resources, which may affect output and job satisfaction.

2. No segregation of duties

A senior auditor often faces the challenge of managing multiple aspects of the audit process independently, lacking the checks and balances found in larger organizations. This intimate involvement raises the risk of mistakes and undermines neutrality and fairness in auditing. Direct reporting to the boss can lead to delays and conflicts of interest, as auditors may feel pressured to change their findings to avoid conflict with their bosses. Improper duty segregation can compromise the integrity and efficacy of the audit process in small businesses.

3. Close Relationships

A senior auditor frequently struggles to remain impartial because of their intimate client relationships. Perceived conflicts of interest or biased judgements may result from these interactions. Auditors may find it challenging to maintain objectivity if they get unduly familiar with the client's business. Additionally, clients could put pressure on them for positive audit results, which would make it harder for them to be objective. These circumstances may weaken the audit's efficacy and credibility, making stakeholders doubt the independence and dependability of the auditors. Thus, auditors in small companies must adhere to stringent ethical requirements and professional standards.

4.0 SELF-REFLECTION

While reflecting on my audit firm internship, I see how much it impacted my professional growth and my knowledge of the industry. I was exposed to various auditing responsibilities during my internship, from performing preliminary assessments to creating comprehensive reports. My ability to adapt academic theory to practical situations was much improved by this practical experience, which also helped me improve my technical skills.

I learned the value of attention to detail from my internship, which was one of my main lessons. Because even the smallest mistake might result in major differences in audits, I have learned to approach my jobs with accuracy and double-check my work. I also gained a greater understanding of the value of communication and teamwork. I learned the importance of teamwork and the necessity of successfully communicating findings from my close work with senior auditors and other interns.

The experience made me aware of a few things I could have done better. I became aware, for example, that I needed to improve my time management abilities. Managing several projects at once and meeting deadlines was difficult, and I occasionally had trouble setting priorities. I've been inspired by this insight to create more effective organisational techniques and to look into time management education.

All things considered, my internship with the audit company was a priceless educational opportunity. It gave me insights into the professional standards and character traits required for a successful career in auditing in addition to imparting practical information and skills. I am appreciative of the chance and eager to use these insights in my upcoming pursuits.

SECTION B

Payroll errors in the management system

1.0 INTRODUCTION

Despite their apparent simplicity, payroll errors can have adverse impacts on both employers and employees. Errors in tax, deduction, or salary calculations can have an ongoing impact on problems. Workers may experience financial hardship as a result of underpayment or unforeseen tax obligations resulting from incorrect withholding. Employee morale may suffer and frustration may result from this. Payroll errors can be expensive for companies since they can lead to fines for breaking labour rules, lost time spent fixing errors, and even possible legal conflicts with workers. Furthermore, overpaying may result in losses of money from which recovery may be difficult. Beyond just financial loss, a company's reputation as a trustworthy employer may also be damaged. After all that, some recommendations have been stated which are enhancing key internal control points, such as clear segregation of duties, establishing an internal audit function within the payroll system to ensure continuous monitoring, evaluation, and improvement of internal controls and processes, and the implementation of the web-based payroll management system.

2.0 ISSUE AND PROBLEM STATEMENT

Payroll errors can result in a variety of complicated problems, particularly concerning tax withholdings. Payroll errors arise throughout the process of computing and delivering employees' wages. These mistakes are frequently the result of straightforward computation errors, but if they are not immediately fixed, they may develop into serious issues. Payroll errors that are not handled properly can put employees in a difficult financial situation, harm the company's reputation, and lower employee morale and management's trust. Such mistakes have consequences that go beyond personal financial suffering; they may give rise to problems with regulatory compliance, which may result in legal troubles and measures for the business. Furthermore, frequent payroll problems might lower employee satisfaction since persistent payment issues can make workers feel uneasy and unsatisfied. In the end, this may affect output and raise turnover rates, further taxing the resources of the business. It is imperative to quickly deal with payroll difficulties to guarantee correct and timely employee payment, preserve regulatory compliance, and ensure employee happiness. Employers can protect their employees' financial security and the company's general health by implementing strong payroll systems and performing routine audits. These measures can aid in the early detection and correction of problems. In conclusion, maintaining a happy workplace and making sure the business runs smoothly depend on paying careful attention to payroll accuracy.

Limitations to Policy Settings

There are a few problems that have been identified that can make it difficult to comprehend and use payroll levy systems. As a result, clear standards are required for policymakers to determine the appropriate implementation incentive amounts. This complexity highlights the need for improved principles and design in payroll levy systems to guarantee their dependability and efficiency. This environment is made more difficult by internal control flaws, such as those that result in fraud. (Lee, G.J. and Davison, A. 2017).

For example, transaction costs and incentive payback mechanisms are important, but sometimes difficult to manage, components of system design. Information about transaction costs and firm-specific effects is frequently harder to come by, but data about the economy's present pre-incentive training levels are probably available. The absence of thorough data makes it more difficult for policymakers to create incentives and regulations that work. As a

result, the likelihood of mistakes and fraudulent activity rises in the absence of clear instructions and strong system architectures. Therefore, the development of precise, well-defined rules and improved system designs that consider this complexity must be given top priority by policymakers. This entails strengthening internal controls to reduce the risk of fraud in addition to enhancing data collecting and analysis. In the end, resolving these problems is essential to building a payroll levy system that is safe and effective, guaranteeing that incentives are distributed fairly and that the system runs smoothly. Policymakers can better negotiate the difficulties associated with payroll levy systems by concentrating on these areas, which will improve implementation and management.

Lack of clear segregation

The second issue is a lack of clear segregation in payroll management can result in serious weaknesses, such as the possibility that senior officials might misappropriate the authority given to them. (Lee, G.J. and Davison, A. 2018). This problem emphasises how important it is to adequately safeguard payroll costs to stop manipulation of this kind and maintain financial integrity. The lack of job segregation makes it simpler for people in positions of authority to steal money or mismanage assets without being caught. This could cause the business to suffer large financial losses and jeopardise the payroll system's overall effectiveness.

Moreover, payroll errors, which frequently result from these flaws in internal control, can seriously harm employee relations. Inaccurate payment to staff decreases their faith in the organisation and may spark disagreements and discontent. These disagreements harm staff morale and may also result in higher employee turnover, legal issues, and a damaged reputation for the business. As a result, it's crucial to have strong internal controls in place and make sure that the payroll system separates tasks. By doing this, businesses can reduce the chance of mistakes and fraud while also better-safeguarding payroll expenses. Furthermore, by making sure that workers are paid on time and precisely, this strategy helps to preserve goodwill with them and promotes employee satisfaction and confidence. Proactively addressing these problems is essential to the seamless functioning of payroll procedures as well as the general well-being of the company's financial and human resource management.

3.0 DISCUSSION

An essential component of organisational operations is the handling of payroll, which guarantees employees receive timely and accurate compensation for their labour. Nonetheless, payroll errors continue to be a problem for many companies despite technological developments and strict legal frameworks. These mistakes can be caused by several things, such as organisational inefficiencies, complex regulations, human error, and insufficient systems.

Strong internal controls must be put in place to preserve the accuracy and integrity of payroll procedures. One essential safeguard to make sure no one person has total control over every aspect of payroll processing is the segregation of roles. Organisations can lower the risk of errors and fraudulent actions by assigning various staff different tasks, such as inputting payroll data, authorising payments, and reconciling accounts. Another crucial control for payroll transactions is dual authorization, which calls for two authorised parties to examine and approve payroll entries and payments. This extra level of inspection makes it easier to spot irregularities and stop illegal activities. (Mason & Miller, 2018). Payroll error detection and prevention are greatly enhanced by routine internal and external audits. To make sure that laws and regulations are being followed, these audits entail methodical evaluations of payroll data, procedures, and controls. Auditors can point out problems with the payroll system, make suggestions for enhancements, and confirm that corrective measures have been put in place. Frequent audits also discourage fraudulent activity because staff members know that their work will be periodically reviewed. Organisations can build a strong payroll system that reduces errors, stops fraud, and guarantees accurate and timely salary payments by putting these internal controls in place. These steps not only safeguard the organization's financial assets but also show a dedication to openness and responsibility, which increases employee satisfaction and trust.

All forms of employee benefits are subject to IAS 19 accounting, except for share-based payments, which are covered by IFRS 2. According to IAS 19, an organisation must record a liability for services rendered in exchange for future payments of benefits to employees and an expense for any money spent by the organisation on the financial gain resulting from such services. (IFRS - IAS 19 Employee Benefits, 2022). More importantly, providing clear communication routes for employees to identify payroll irregularities and respond to inquiries quickly is critical for fostering a transparent and trustworthy workplace. Employees may report payroll irregularities or voice concerns with ease when there are clear and accessible

channels of communication in place, which guarantees that problems are found and fixed quickly. By being proactive, tiny mistakes are kept from growing into bigger issues that could have serious financial and legal repercussions. (Fang & Gerhart, 2015). Offering a variety of channels such as hotlines, web portals, or specialised email addresses guarantees that staff members will be able to report problems in the way that suits them best.

Promptly responding to payroll inquiries shows employees that their concerns are taken seriously and that the organisation appreciates truth and fairness. This response not only effectively handles individual situations, but also fosters a culture of trust and openness. Employee satisfaction and morale are more likely to improve when they believe their payroll concerns will be addressed in a timely and professional manner. Furthermore, clear communication about payroll processes, changes, and updates keeps employees informed while minimising uncertainty and misconceptions. Regularly teaching staff how to use these communication channels successfully, as well as the need for timely reporting, helps to reinforce this system. Finally, open communication channels are essential for maintaining an accurate payroll system and cultivating a strong, trusting connection between employees and the organisation.

4.0 RECOMMENDATION

Some suggestions for addressing the mentioned problems, are to establish an internal audit function, adopt of whistleblowing channel and development of an automated payroll system which is a web-based payroll management system (WPMS).

For the payroll system to guarantee ongoing observation, assessment, and enhancement of internal controls and procedures, an internal audit function must be established. (Yusuf, Z., Salin, A.S.A.P., and Nawawi, A., 2023) This proactive technique improves the overall security and efficiency of payroll operations by helping to detect and prevent fraud. An internal audit department conducts a systematic review of payroll activities to spot any vulnerabilities and anomalies. Regular auditing allows businesses to quickly rectify any problems, which lowers the chance of errors and fraud. In addition to ensuring that the business complies with legal obligations and stays out of trouble with the law, this ongoing oversight also helps to preserve regulatory compliance.

Additionally, an internal auditing department promotes an organization-wide culture of transparency and responsibility. When workers are aware that their actions are subject to routine reviews, they are more likely to adhere to established procedures and standards. This can greatly lower the number of purposeful fraud cases as well as inadvertent errors. Furthermore, the audit function can offer insightful analysis and suggestions for enhancing payroll procedures and enhancing the payroll system's general effectiveness and productivity. To successfully implement an internal audit function, resources and support must be provided to the audit team, ensuring they have the authority and resources they need to carry out their responsibilities. This investment pays off by preserving the company's financial resources and upholding employee satisfaction and trust. To sum up, creating an internal audit department is essential to building a reliable and secure payroll system that encourages honesty, adherence to regulations, and ongoing development.

Numerous advantages result from the creation of the automated Web-Based Payroll Management System (WPMS), which greatly improves the effectiveness and precision of employee wage computations on a monthly and annual basis. (Ahmed et al., 2023). This system keeps thorough records of all employee information, which is kept in a data mart. This information includes compensation, benefits, and deductions. It is also capable of producing wage statements, reports, and comprehensive information automatically. The WPMS offers an environment that is straightforward to use, making data access, updating,

and deletion simple. The system, which is strong and versatile, is implemented using HTML, PHP, JavaScript, jQuery, AJAX, and MySQL. Using the System Usability Scale (SUS) tool, the usability of WPMS was assessed. It had a high satisfaction score of 87.8%, suggesting an excellent user experience.

The electronic auditing capabilities and adaptability of WPMS to new units, allowances, and deductions without requiring code changes set it apart from earlier systems. Its flexible web design ensures maximum usability on a range of devices by modifying the layout according to the visitor's screen size and orientation. Data security is further improved by avoiding the "Get" method of data communication and implementing user authentication procedures. All things considered, the WPMS offers effective payroll management, enhanced data accuracy, and an intuitive user interface for employees to view their compensation details. WPMS facilitates improved payroll administration, minimises errors, and guarantees a safe and flexible payroll system by automating payroll procedures and adding cutting-edge features.

Not to mention, setting up a whistleblower channel is an essential first step in motivating staff members to disclose any instances of fraud, offering a dependable system for the prompt identification and avoidance of fraud. This channel acts as a private and safe space where staff members may express their worries without worrying about consequences, promoting an open and accountable culture inside the company. Companies can use employee reports of suspicious activity to gain insights into concerns that could otherwise go undiscovered and take appropriate action.

Early fraud identification is made possible by the whistleblowing channel, which helps the organisation act quickly before fraudulent actions get out of hand and cause serious harm. A potential fraudster within the organisation is also discouraged by it, knowing that watchful coworkers may expose their activities. The presence of a whistleblower mechanism shows the organization's dedication to moral behaviour and integrity, which can improve its standing and foster confidence among stakeholders, clients, and workers. A whistleblowing channel needs to be easily available, user-friendly, and widely advertised among staff members in order to be successful. To guarantee that staff members are aware of how to use the channel and are at ease doing so, training and communication are crucial. Furthermore, it's critical to have a well-defined procedure in place for looking into concerns, responding appropriately, and safeguarding whistleblowers from reprisals all while upholding confidentiality.

In summary, establishing a whistleblower channel is a proactive step that improves the organization's capacity to identify and stop fraud, fosters transparency, and upholds moral principles all of which eventually support the organization's general integrity and well-being.

5.0 CONCLUSION

Payroll errors are a serious concern for organisations, affecting financial stability, regulatory compliance, and employee relations. These errors can result in underpayment or overpayment, causing financial inconsistencies that harm an organization's budget and profitability. Furthermore, payroll mistakes can cause legal problems, exposing the company to fines, penalties, and even lawsuits from employees or regulatory agencies. This legal exposure drains the organization's financial resources while also negatively impacting its brand. Furthermore, payroll errors can diminish employee trust and morale because remuneration is a critical component of the employer-employee relationship. When employees are dissatisfied with their compensation, it can lead to decreased productivity and increased turnover rates. To address these core issues, organisations can implement advanced payroll technology that automates computations, minimises human error, and assures regulatory compliance.

Furthermore, putting strong internal controls in place—like frequent checks and reconciliations—can assist in finding and fixing inconsistencies early in the process. Creating a whistleblower channel fosters accountability and transparency by enabling staff members to report payroll errors without fear of reprisal. Payroll procedures must be continuously monitored and audited to spot error trends and implement corrective measures. By guaranteeing payroll accuracy and timeliness, these procedures promote dependability and trust. Payroll employees should receive training from their organisations to stay current on best practices and regulatory changes and to ensure they are prepared to manage complex payroll circumstances. These proactive payroll management strategies reduce risks and build organisational resilience by preserving monetary stability and legal compliance.

Moreover, timely and precise payroll processing guarantees that workers receive their compensation on schedule, which raises employee satisfaction. Increased retention rates, better employee interactions, and a favourable work atmosphere are all a result of this pleasure. A strong payroll system helps companies focus on strategic projects and distribute resources more efficiently, which supports sustainable growth. Maintaining operational excellence, following best practices, and staying abreast of legislative changes are all necessary to successfully navigate the complexity of payroll management. By doing this, businesses may cultivate a strong, cooperative, and upbeat work environment that promotes long-term development and success.

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APPENDICES

