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## INTERNAL CONTROL OF SALARY CALCULATION IN ORDER TO ENSURE THE COMPETITIVENESS OF THE ENTERPRISE

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### Key words:

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The article investigates the methodological support of internal control of payroll at all stages of their implementation, which avoids duplication of internal control subjects and ensures consistent implementation of checks. Internal control of payroll is one of the functions of managing the business activity of the enterprise, so more attention should be paid to improving the functioning of the control. When organizing the system of internal control at the enterprise, it is necessary to follow a systematic approach, which ensures its highest efficiency and, in turn, determines the rationality of control activities. A highly efficient internal control system helps to increase the profitability of the enterprise and, accordingly, to ensure its competitiveness in the market. The purpose and tasks of internal control of payroll are substantiated and the technology, procedures, directions and sequence of internal control of payroll calculation at the enterprise are offered, the test of internal control of payroll calculation was conducted. In order to solve the tasks of internal control of the payroll at the industrial enterprise, the working documents of the auditor are offered, which will become substantiated proofs of the qualitative carrying out of the check, namely the working documents of the check of correctness of the established salaries, bonuses for years of service, accrual of bonuses, allowance for complexity and tension, displaying payroll amounts in accounting and reporting.

## ВНУТРІШНІЙ КОНТРОЛЬ НАРАХУВАННЯ ЗАРОБІТНОЇ ПЛАТИ З МЕТОЮ ЗАБЕЗПЕЧЕННЯ КОНКУРЕНТОСПРОМОЖНОСТІ ПІДПРИЄМСТВА

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### Ключові слова:

внутрішній контроль, заробітна плата, програма внутрішнього контролю, робочі документи, конкурентоспроможність підприємств.

Досліджено методичне забезпечення внутрішнього контролю нарахування заробітної плати на всіх етапах їх виконання, що дозволяє уникнути дублювання дій суб'єктів внутрішнього контролю та забезпечує послідовне здійснення перевірок. Внутрішній контроль нарахування заробітної плати є однією із функцій управління господарською діяльністю підприємства, тому слід приділяти більше уваги покращенню функціонування контролю. Організуючи систему внутрішнього контролю на підприємстві, необхідно дотримуватися системного підходу, що забезпечує його найбільшу результативність та, своєю чергою, визначає раціональність контрольної діяльності. Високоєфективна система внутрішнього контролю сприяє підвищенню прибутковості підприємства та, відповідно, забезпечує його конкурентоспроможність на ринку.

Обґрунтовано мету та завдання проведення внутрішнього контролю нарахування заробітної плати та запропоновано технологію, процедури, напрями та послідовність проведення внутрішнього контролю нарахування заробітної плати на підприємстві. Проведено тест внутрішнього контролю нарахування заробітної плати.

Для вирішення поставлених завдань внутрішнього контролю нарахування заробітної плати на промисловому підприємстві пропонується застосовувати робочі документи аудитора, які стануть обґрунтованими доказами якісного проведення перевірки, а саме робочі документи перевірки правильності встановлених окладів, надбавок за вислугу років, нарахування премій, надбавок за складність і напруженість у роботі, відображення сум нарахування заробітної плати в обліку та звітності.

### Analysis of recent studies and publications

Much attention is paid to the methods of internal control of wages in the works of such scientists as: L.V.Gutsalenko, M.T. Bilukha, F.F. Butynets, E.V. Mnykh, B.F. Usach and others.

### Objectives of the article

The purpose of the study is to develop the main areas of internal control of payroll at the enterprise.

### The main material of the research

One of the most important and time consuming areas of internal control is payroll. Each sector and economy has

its own peculiarities regarding the calculation of wages. Salary is one of the most difficult economic categories and important socio-economic phenomena. It is one of the indicators characterizing the level of economic and social state of society and depends first of all on labor productivity. Proceeding from this, it is quite obvious that there is a need for adequate, objective, and effective information on wages from the point of view of each of the social and labor relations — the state, the employer, and the employee. Internal control of payroll is a very time-consuming and responsible job of providing assurance because it combines the elements of financial

control and compliance control, which is associated with the need to comply with labor and tax laws when forming financial information on payroll and other employee benefits.

Working documents for the internal control of the payroll have been proposed.

At the enterprise of PJSC "Zaporizhstal" internal testing of employees was carried out. The internal control test of payroll is shown in Table 1

Table 1 - Test of internal control of payroll at the enterprise

PJSC "Zaporizhstal"					
Control period for 2018					
Term of control from 01.02.2019 to 01.03.2019					
Item No.	The content of the question	Answer options			Notes
		Yes	No	No information available	
1	2	3	4	5	6
1	Is the Collective Agreement concluded?	+			
2	Is the Regulations on remuneration approved?	+			
3	Has the staffing list been approved?	+			
4	Are time sheets maintained?	+			
5	Is the vacation schedule approved?	+			
6	Are persons accruing wages and salaries perform duties related to personnel and labor accounting?		+		
7	Are payroll deduction and deduction automated?	+			
8	Is compulsory insurance contributions calculated automatically?	+			
9	Is access to computerized payroll available only to persons who need such access within the scope of their duties?			+	
10	Are wage rates approved?	+			
11	Are payments made under civil contracts?	+			
12	Is the payroll and retention records of the chief accountant checked?	+			
13	Does the accountant check the amount of work done with payroll?	+			
14	Are redundancies lists in the accounting department?	+			
15	Are salary information periodically verified with employee personal information?			+	
16	Are staffing lists in the accounting department?	+			
17	Is payment information numbered?	+			
18	Are payroll deduction orders maintained?	+			
19	Are all charges and deductions checked at the end of the month?	+			
20	Are wages in kind issued?		+		
21	Is financial aid paid?	+			
22	Are paid at the enterprise: - bonuses; - allowances	+			
23	Were there detentions on executive letters?		+		
24	Does the institution have an internal department control?		+		
25	Whether an audit was carried out at the previous year?		+		

After examining the method of organization of the check and the number of necessary procedures that will allow to establish the objective truth about the information on the correctness of the payroll, the executor draws up the program.

An internal control program is a list of procedures by which specific objects of control are checked and information is generated for the controller's output. The internal control program is a detail of the overall control plan and is a list of the control procedures required for

the practical implementation of the control plan. The program serves as a detailed instruction for the controller's assistants, as well as a means of quality control.

Criteria of quality of check: presence - A; reliability and completeness - B; rights and obligations - C; display in due time and estimate - D; Presentation and disclosure of information - D. Wage Internal Control Program at PJSC Zaporizhstal is discussed in Table 2.

Table 2 - Internal payroll control program

PJSC "Zaporizhstal"							
Control period for 2018							
Term of control from 01.02.2019 to 01.03.2019							
№	List of audit procedures	The goal, the quality	Audit evidence	Audit methods	Working document code	Period	Performer
1	2	3	4	5	6	7	8
1	Checking the availability and compliance with applicable law: collective agreement; bonus provisions; Other regulations		Journal №5; general ledger; balance	documentary verification, analytical, arithmetic, comparison	ZP-1		Makhnets'kyi T.O.
2	Availability and compliance with applicable legislation of personnel: orders for acceptance, dismissal; time sheets; staffing (at hourly pay), outfits and rates (at group payment); civil law contracts (labor agreements)	to determine the adequacy, completeness and timeliness of the accrued wage accounting documents and financial statements, A, B, C, D	orders for acceptance, dismissal; time sheets; staffing (at hourly pay); civil-law treaties	documentary verification, analytical, arithmetic, comparison	ZP -2	01.02-02.02	Makhnets'kyi T.O.
3	Checking the consistency of incoming balances in pay and insurance calculations: by years (balance at the end of the previous year) = balance at the beginning of the reporting year);	make sure that the correspondence of the accounts A, B, C	Journal №5; settlement and payment information; acts of work performed	arithmetic, documentary normative	ZP -3 ZP-4	03.02-04.02	Makhnets'kyi T.O.

Continuation of Table 2

1	2	3	4	5	6	7	8
4	In manual accounting - check the correspondence of names and amounts in the billing and payment information	to make sure that the primary documents exist, completeness, correctness, legality, A,,B,C	settlement and payment information, journal # 5	analytical, comparison	ZP -5	5.02-06.02	Makhnets'kyi T.O.
5	If there are related parties in the state - check compliance with the Tax Code of Ukraine	make sure the correctness, completeness, A, B, C	act of work, outfits, time sheets, settlement and payment information, journal # 5	documentary verification, analytical, arithmetic	ZP -6	07.02-08.02	Makhnets'kyi T.O.
7	In the presence of loans - check the contracts and the essential conditions in them (reversibility and terms)	make sure of the legality, correctness, completeness of the display, A, B, E	contracts, employment orders, payment information	documentary verification, comparison	ZP -7	09.02-10.02	Makhnets'kyi T.O.
8	In case of piecework remuneration - check of correspondence of the volume of work performed and base of accrual of piecework remuneration	ensure the existence, completeness, correctness, legality of the display A, B, E	acts of work performed, outfits, payment information, journal # 5	documentary verification, analytical, arithmetic	ZP -8	10.03-11.03	Makhnets'kyi T.O.
9	When working part-time - check the correctness of payroll for salaries	make sure that it is complete, correct and lawful in primary documents, A, B, D	time plate, staffing list, payroll	documentary verification, comparison	ZP -9	12.02-16.02	Makhnets'kyi T.O.
10	Checking the correctness of payroll	make sure of the legality, correctness, completeness of the display, A, B, E	time sheet for work hours, payroll information	documentary verification, analytical, arithmetic	ZP-10	17.02-20.02	Makhnets'kyi T.O.

Continuation of Table 2

1	2	3	4	5	6	7	8
11	Verification of compliance with the applicable legislation of charges, withholding of contributions	ensure the existence, completeness, correctness, legality of display A, B, D	journal number 5, settlement and payment information	documentary verification, comparison	ZP -11 ZP-12	21.02- 22.02	Makhnets'kyi T.O.
12	Comparison of the amounts shown in the financial statements with the remainder of the accounting records	make sure of the correctness, completeness, A, B, E	general ledger, balance	documentary verification, analytical, arithmetic	ZP -12	23.02- 24.02	Makhnets'kyi T.O.
13	Compilation of errors and violations found	make sure of the correctness, completeness, A, B, E	general ledger, balance	documentary verification, analytical, arithmetic	ZP-13	25.02- 31.02	Makhnets'kyi T.O.

Working documents of internal control of the enterprise of PJSC "Zaporizhstal" are given in tables 3-8.

Table 3 - Internal Audit Working Paper ZP-3 checking the balance of balances as of the end of the previous period and the beginning of the reporting period of payroll

PJSC "Zaporizhstal"				
Audit period for 2018				
Audit period from 01.03.2019 to 01.04.2019				
Item №.	Indexes	At the end of the previous period	At the beginning of the reporting period	Deviation +/-
1	2	3	4	5
		4	6	8
1	Balance in the warrant journal	4696,60	4696,60	-
2	The amount of balances on analytical accounts	4696,20	4696,00	+0,20
3	The balance in the General Ledger	4696,60	4696,60	-
4	Rest of the balance	4696,60	4969,60	- 273

Conclusion: During the audit it was found that the amount of balances on analytical accounts at the beginning of the reporting period was 0.20 UAH. greater than the balance at the end of the previous period. In the

balance sheet, the balance at the end of the previous period exceeds the balance at the beginning of the reporting period by UAH 273.

Table 4 - Internal Control Working Paper ZP-4 Verification of the Compliance of the Residues in the Synthetic and Analytical Accounting of Payroll Registers

PJSC "Zaporizhstal"						
Audit period for 2018						
Audit period from 01.03.2019 to 01.04.2019						
№	Indexes	Date				
		31.03	30.06	30.09	31.12	01.01
1	2	3	4	5	6	7
	The amount of balances on analytical accounts					
1	Balance in the warrant	4257,20	4357,20	4457,20	4696,20	4696,00
2	Balance in the warrant journal	4257,60	4357,60	4457,60	4696,60	4696,60
3	The balance in the General Ledger	4257,60	4357,60	4457,60	4696,60	4696,60
4	Balance in the financial statements	4257,60	4357,60	4457,60	4696,60	4969,60
5	Deviation: analytical accounting from synthetic	-0,40	-0,40	-0,40	-0,40	-0,60
	analytical from the synthetic summary	-0,40	-0,40	-0,40	-0,40	-0,60
	analytical from the reporting information	-0,40	-0,40	-0,40	-0,40	-273,6

Conclusion: During the audit, discrepancies between analytical accounting data from synthetic and reporting

information were detected as a result of an accounting arithmetic error.

Table 5 - Internal Audit Working Paper ZP-6 Selective Verification of Correctness of Personal Income Tax Withholding

PJSC "Zaporizhstal"							
Audit period for 2018							
Audit period from 01.03.2019 to 01.04.2019							
№	Full name	Position	Month	Taxable income	Taxes with active individuals		+/-
					according to the entity	according to the auditor	
1	2	3	4	5	6	7	8
1.	Tyschenko O.I.	Head	01.01	2892,00	433,80	433,80	0
2.	Petrov A.N.	Driver	31.03	2410,00	361,50	361,50	0
3.	Basanets O.A.	Locksmith	30.09	2410,00	361,50	241,00	- 120,5

Conclusion: In the course of checking the correctness of the withholding tax on the income of individuals, the auditor found a violation of Article 167.4 of the Tax

Code of Ukraine, since for employees who work in particularly difficult working conditions the tax rate is 10%.

Table 6 - Internal control working document of ZP-10. Checking the correspondence of accounts on the correctness of payroll

PJSC "Zaporizhstal"									
Audit period for 2018									
Audit period from 01.03.2019 to 01.04.2019									
Contents of the operation	According to the company			According to the audit			Deviation		
	Dt	Kt	Amount, UAH	Dt	Kt	Amount, UAH	Dt	Kt	Amount, UAH
1	2	3	4	5	6	7	8	9	10
Accrued wages	23	661	3000,0	23	661	3000,0	-	-	-
Accrued	23	652	1110,0	23	651	1110,0	23	652	1110,0
							23	651	1110,0
Wages were deposited	23	662	2458,2	661	662	2458,2	23	662	2458,2
							661	662	2458,2

Conclusion: During the audit it was found that the enterprise made a record of Dt 23 Kt 652 at the amount of UAH 1110.00 during the calculation of the EB. There

was a violation of the instruction on the application of the plan of accounts, as it was necessary to make a record Dt 23 Kt 651 in the amount of 1110,00 UAH.

Table 7 - Internal Control Working Paper of ZP-11. Checking the timeliness of payment of wages

PJSC "Zaporizhstal"					
Audit period for 2018					
Audit period from 01.03.2019 to 01.04.2019					
№	Full Name	Prepaid expense	Date	The amount of wages	Date
1	Bratinets S.A.	1000,00	05.01	1500,2	25.01
2	Borisenko I.P.	1000,00	05.01	1510,00	25.01
3	Kotlyar O.V.	1000,0	05.01	1510,00	25.01

Conclusion: In the course of checking the timeliness of the payment of wages, a violation of Article 115 of the Labor Code of Ukraine was detected, since wages are paid to employees regularly on working days within the

terms set by the collective agreement, but not less than twice a month, after a period of time not exceeding sixteen calendar days.

Table 8 - Internal control working document of the AP-13. List of errors and irregularities found during selective verification of primary documents, accounting registers

PJSC "Zaporizhstal"					
Audit period for 2018					
Audit period from 01.03.2019 to 01.04.2019					
№	The original document, the register				The nature of infraction
	The name of the original document, the register	№	Date, period	Amount	
1.	Balance		0.1.01	+273,0	Mechanical error
2.	Journal №5	№ 5	21.05	-0.60	Mechanical error in determining the account balance 66

Table 9 - Proposed Form of Internal Audit Working Document for Checking Primary Payroll Documents

The organization being inspected				
Validation period				
Checking period				
Full Name	Position	Employment record book	Availability of job descriptions	Notes
1	2	3	4	5

In our opinion, it is advisable to use arithmetic, documentary, regulatory, and selective methods of verification to check the correctness of the calculation of holidays, allowances, bonuses of the performed

deductions. The results of the audit should be reflected in the proposed form of the working document of the auditor (Table 10).

Table 10 - Proposed Form of Internal Audit Working Document for Checking Accrual of Premiums, Allowances

The organization being inspected								
Validation period								
Checking period								
Full Name	Months 2019 year	According to the institution		According to the auditor		Deviation		Notes
		Prize accrued	Extra charge added	Prize accrued	Extra charge added	Prize accrued	Extra charge added	
1	2	3	4	5	6	7	8	9

To check the correctness of the registration of business transactions on payroll, we propose to carry out a formal check, which will make sure the completeness and correctness of the documents fill in details, allow you to

make sure that the form of the required form is used for the registration of this business transaction.

The form of the working document of the deviations from the results of the formal verification is given in Table 11.

Table 11 - Proposed internal control working document form for verifying the correctness of accounting and reporting amounts of payroll

The organization being inspected									
Validation period									
Checking period									
Contents of the operation	According to the institution			According to the auditor			Deviation		
	Dt	Kt	Amount, UAH	Dt	Kt	Amount, UAH	Dt	Kt	Amount, UAH
1	2	3	4	5	6	7	8	9	10

Thus, the proposed technology, procedures, directions and consistency of internal control of payroll will allow to rationally use and allocate the working hours of the auditor, as well as reduce the risk of error detection and improve the efficiency of accounting information and make recommendations on improving the efficiency of accounting systems pay.

In order to control payroll, it is necessary to carry out a regulatory and legal check, by which it is necessary to find out the expediency of the used standards of wages, rates and rates of wages, the presence at the enterprise of a collective agreement and the provisions on wages (Table 12).

Table 12 - The proposed form of the working document of the controller "Checking of deviations in documents at registration of business operations on a salary on results of regulatory legal check"

Item No.	Verification document (document number, date)	Document availability	The normative document on the basis of which the deviation is established	Notes
1	2	3	4	5
1				

To check the correctness of the registration of business transactions on wages, we propose to carry out a formal check, which allows to control the completeness and correctness of the processing of documents, filling in the details, compliance with the signatures of the persons who made the document, makes sure that the form of the

required form is used for registration of this business transaction. It is used to detect forgery and document falsification, digital data correction and change of details. The form of the working document of deviations from the results of the formal verification is given in Table 13

Table 13 - The proposed form of the working document of the controller "Verification of documents of registration of business operations on wages on the results of formal verification"

Item No.	Verification document						Deviation
	Enterprise data			Controller data			
	Document Number	Registration Date	Business operation	Document Number	Registration Date	Business operation	
1	2	3	4	5	6	7	8
1							

### Conclusion

Internal control of payroll at PJSC "Zaporizhstal" will make sure that the payroll fund and the labor potential of the enterprise is used completely and effectively, and that the organization and working conditions meet the requirements of the legislation. The proposed technology, procedures, directions and working documents of the controller will allow rationally using and distributing the working hours of the controller, as well as reduce the risk of error detection and improve the efficiency of accounting information and make

recommendations on improving the efficiency of payroll management systems.

To solve the tasks of internal control of payroll at the enterprise are offered working documents of the auditor, which will become substantiated evidence of qualitative verification, namely working documents of checking the correctness of the established salaries, setting the years of service premiums, accrual of bonuses and overhead in complexity work, displaying amounts of payroll in accounting and reporting.

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