

Accounting and Control Support for the Management of Employee Benefits in the Public Sector

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Abstract: The relevance of scientific research is determined by the need in finding ways to increase the minimum salary, improve approaches to its taxation, accounting, and enhance control over the payment of employees. The purpose of the work is to analyse the state of payments to employees and compare it with the amount of salaries in other countries of the world, to provide suggestions for reducing discrepancies between Ukrainian and international standards for accounting for payments, as well as to improve control over the calculation and payment of salaries in the public sector. The basis of the methodological approach consists of statistical analysis, the method of analogy, the graphic method, and a generalisation method. Those methods were utilised to study the state of the salary fund in the public sector of Ukraine, Germany, Belgium, Croatia, Poland as well as for investigating the structure of payments. The major results of this study should be considered the development of suggestions on ways to increase the minimum salary, the definition of the structure of payments to employees in the national accounting standard in accordance with the international one, and the areas in which the control of compliance with the labor legislation should be improved. The results and formulated conclusions of the scientific work have practical significance for managers and chief accountants of government-financed organisations during the formation of accounting policy and management of the financial state of the institution, as well as for controlling bodies when checking the calculation and payment of salaries.

Keywords: Salary; International Standards; Institutions; Internal Audit; Long-Term Liabilities.

JEL Codes: H61, M40, J3.

1. INTRODUCTION

Paying employees is an essential area by which the labor market in each country is evaluated. Payments to employees in the public sector reflect the level of remuneration for the performance by the government-financed organisation of the functions entrusted to the state. These payments are a significant part of the expenditures of the government-financed organisation, and indicators of the economic activity of the state depend on their size, timeliness and completeness of implementation: the level of education, health care, services of state bodies, etc. The aggravation of the economic situation in Ukraine led to the need in budget expenditures reduction in all directions. However, in order to support the proper performance of state functions, a sufficient level of salaries for employees of the public sector is necessary. In this regard, the issue of finding ways to improve the calculation of the minimum salary (MS) level, taxation, increasing the reliability of accounting and enhancing control over the implementation of payments to employees has become urgent. In a difficult period for the financial situation of the state, the reduction of labor costs in government-financed organisations occurs faster compared to the reduction of other are

as. Heads of government-financed institutions should control the reduction of costs in order to prevent the growth of employee dissatisfaction, which may negatively affect the performance of their duties (Miethlich, 2022; Shebanin et al., 2022). Ukrainian, American, Polish, Latvian, Greek scientists and the ones from other countries carried out the study of accounting and control support for the management of employee benefits.

A significant issue for numerous countries of the world is the insufficient level of salaries received by employees of the public sector, particularly teachers, which can negatively affect the level of education of the population (Mynbayeva et al., 2018). This issue was considered by the Latvian scientist A. Grinfelde et al. (2020), the results of which proved that the salary of pre-school teachers depends on the local political decisions of the authorities. Instead, financing of pre-school institutions should be provided by the state budget in order to prevent the establishment of various monthly salary rates. The relationship between teachers' remuneration and student achievement was shown by American scientists E. García and E.S. Han (2022), who proved that performance indicators for students are significantly higher in regions that offer a higher base salary to teachers, compared to indicators in regions with lower remuneration. The issue of taxation of salaries of public sector employees is also of interest to scientists. Thus, American researchers P.J. Bayer et al. (2021) investigated the impact of changes in prices for housing and other services depending on changes in the tax rate on teach-

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ers' incomes. The results of the authors' study showed that a 1% increase in payroll taxes may increase housing prices from 0.95% to 1.03%.

The dependence of the amount of employee benefits on the income tax rate in a specific area was also analysed by the American scientist M. Yeşilirmak (2019), who considered the implementation of financing education costs at the expense of local income taxation, the rate of which is determined by community voting. Additionally, numerous studies have been conducted on internal and external control over the calculation and payment of salaries. Indonesian scientists Y. Resca and A. Munandar (2022) note that the payroll accounting system helps the company in managing payroll. The authors determined the internal effectiveness of the company's control, considering how effectively the payroll information system is exploited. At the same time, Ukrainian scientists L. Tirbakh and G. Chaban (2021) consider the nature of salary audits, audit objects, and the most important tasks of checking employees' salaries. The authors formulated typical violations of accounting of salaries, listed possible ways to eliminate typical violations of accounting. However, the issues of accounting and control of employee benefits remain debatable and require additional study (Kostruba and Hyliaka, 2020; Yaroshenko et al., 2018).

The major objective of the scientific work is to analyse the condition, accounting and control of payments to employees of the public sector with the aim of providing a suggestion to increase payments to the level capable of meeting the needs of employees, improving the accounting of payments and determining areas of control that will increase the responsibility of managers for compliance with the legislation on work.

2. MATERIALS AND METHODS

The basis of the methodological approach in this research is a combination of statistical analysis applied to the study of the condition of the minimum salary and the dynamics of the salary fund in the public sector; the method of analogy to compare the amount of salaries in the public sector of Ukraine and European countries, as well as to compare the structure of employees' payments according to Ukrainian and international accounting standards; graphic method – to display the obtained research results; and the generalisation method for summarising information on the state of the organisation of control over the calculation and payment of salaries and identifying the directions in which it is necessary to enhance control in order to increase its effectiveness. The scientific study involves assessing the state of employee payments in the public sector, identifying discrepancies in Ukrainian and international payment accounting standards, as well as developing proposals to improve the effectiveness of monitoring employee payments. The theoretical basis of this scientific research work is based on the works of Ukrainian, American, Polish, Latvian, Greek and other scientists who considered the issues of accounting and control of employee payments.

The presented research work has three major stages. At the first stage of the work, the application of the statistical analysis method made it possible to estimate the size of the minimum salary in Ukraine for 2018-2022. Based on the data of

the State Statistics Service of Ukraine (2022), the dynamics of the salary fund in the field of education in 2018-2021 was analysed.

At the second stage, using the method of analogy, a comparison of the level of the minimum wage and the size of the salary in the public sector in Ukraine, Germany, Belgium, Croatia and other European countries was carried out. In order to analyse the data on the average salary of teachers for 2020-2021 in European countries, Teachers' and School Heads' Salaries and Allowances in Europe (2022) was considered. Comparison of the structure of payments to employees was performed on the basis of National regulation (standard) of accounting in the public sector 132 "Payments to employees" (NR(S) APC 132) (2011) and International Public Sector Accounting Standard 25 "Employee Benefits" (IPSAS 25) (2008). With the help of a graphic method, the data obtained in the research process on the minimum salary level and the salary of employees in the field of education in various countries are displayed in the form of diagrams and graphs.

At the final stage of this scientific work, the approaches to determining the areas of control over compliance with labor legislation in the public sector are summarised.

On the basis of the obtained results, conclusions were formulated, which act as a final reflection of these results, namely: suggestions for raising the level of salaries in the budgetary sphere and improving the accounting and control support for employee payments were substantiated. The application of the method of logical generalisation of the results made it possible to determine further approaches to the study of the problems of accounting and control of payments to employees in conditions of limited budget resources. The results obtained in the course of the scientific research and the formulated conclusions are of significant importance for managers and chief accountants of government-financed organisations and control bodies when checking employee benefits. The provided suggestions will contribute to increasing the reliability of data in the records of employee benefits and the effectiveness of control over such benefits.

3. RESULTS

In the legislation of Ukraine, there is no clear definition of the concept of "employee of the public sector". The public sector includes employees whose salary payment is financed from budget funds, for instance, employees of state authorities, educational institutions, health care, social protection, and others. The amount of payments to employees should be a decent reward for the duties and functions they perform for the state in various spheres of activity, in order to stimulate such employees to improve the quality of their services and the quality of life of the country's population. To analyse the accounting and control support for the management of payments, the categories of employees whose salaries are quite low are worth considering, however, the services are rather important for the population of all regions of the country: employees in the field of education and state officials. According to the data of the State Statistics Service of Ukraine (2022) regarding the remuneration of employees of government-financed organisations, it is possible to analyse the size

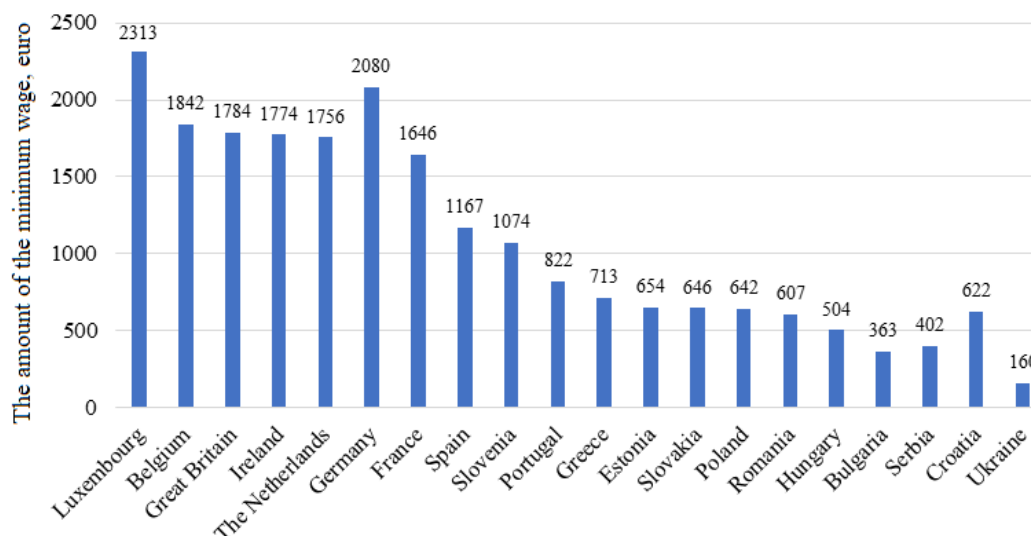


Fig. (1). The level of the minimum salary in various countries in 2022.

Table 1. The Salary Fund and the Total Amount of Expenditures in the Field of Education.

Indicator	Years			
	2018	2019	2020	2021
Payroll, mln UAH	118314.3	131498.2	146770.6	164049.9
The total amount of expenses, mln UAH	210032.3	238758.7	252283.1	312914.6
Part, %	56.3	55.1	58.2	52.4

Source: compiled based upon data (2022).

of the remuneration fund in relation to total expenses by type of economic activity (Table 1).

The data in Table 1 indicate that the salary fund for education employees in the total amount of education expenditures during the analysed period was up to 60%, and in 2021 this part tended to decrease compared to previous periods. This indicates a slowdown in the rate of growth of education employees' salaries compared to the growth of other education expenditures. Law of Ukraine No. 108/95-VR "On Remuneration of Labor" (1995) defines that the salary structure consists of: basic, additional salaries and other incentive and compensation payments. The basic salary is a reward that is assigned for the work performed in accordance with the established labour standards (time standards, output, job duties) and may be established in the form of tariff rates (salaries) and piece rates and official salaries for employees (Tomashovski and Yaroshenko, 2020). The formation of payments for each category of employees has its own peculiarities, however, the minimum salary (MS) is the basis for determining the amount of salaries for both education workers and state officials. The size of the MS is determined by the Law of Ukraine No. 108/95-VR "On Remuneration of Labor" (1995), considering the needs of employees and their families to ensure the normal life of an able-bodied person. MS is established by the Law of Ukraine on the state budget of Ukraine for the relevant budget year in an amount that exceeds the subsistence minimum for able-bodied persons. The change in the legally established level of MS during 2018-2022 is as follows (Table 2) (Law of Ukraine..., 2022).

Table 2. Dynamics of MS in Ukraine in 2018-2022.

Period	Monthly MS, UAH	Indicator Change,		Hourly MS, UAH	Indicator Change,	
		UAH	%		UAH	%
As of 01.01.2018	3723	+523	+16.3	22.41	+3.07	+15.9
As of 01.01.2019	4173	+450	+12.1	25.13	+2.72	+12.1
As of 01.01.2020	4723	+550	+13.2	28.31	+3.18	+12.7
As of 01.01.2021	6000	+1277	+27.0	36.11	+7.80	+27.6
As of 01.01.2022	6500	500	8.3	39.26	+3.15	+8.7

Source: compiled based upon data (2022).

Analysis of the data in Table 2 showed that the largest increase in MS occurred in 2021 compared to 2020 and the smallest in 2022. Such indicators demonstrate an insufficient level of increase in MS in comparison with the growth of prices for vital goods and services. For comparison, the level of MS (2022) in other countries should be considered (Fig. 1).

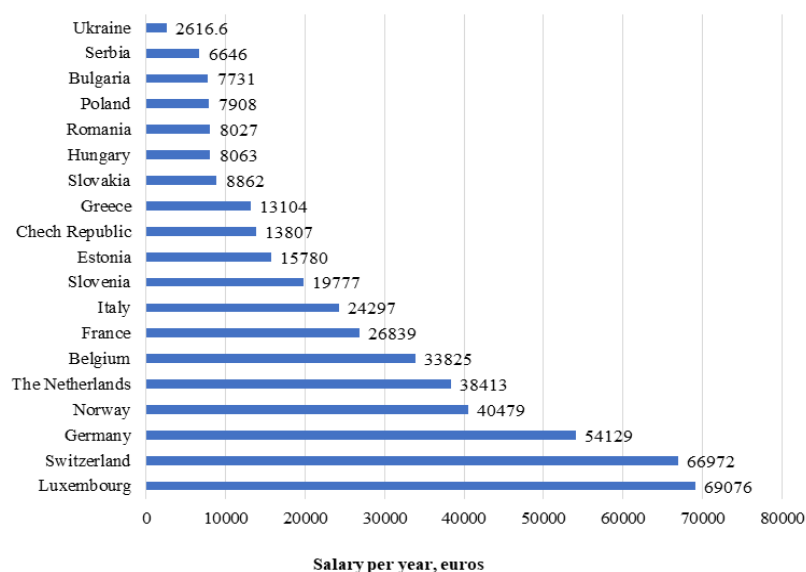


Fig. (2). Annual starting salary of teachers in EU countries and Ukraine in 2022.

From the data in Fig. (1), it can be seen that Luxembourg, Germany and Belgium have the highest level of MS, i. e. 1800-2300 euros per month, among the countries of the European Union (EU). Bulgaria has the lowest level among the analysed countries, however, it is 2.3 times higher than the size of MS in Ukraine. 21 out of 27 EU countries have a legally established MS, and in the other six (Austria, Cyprus, Denmark, Finland, Italy and Sweden) it is defined in collective labour agreements. The level of MS should be based upon the living salary. Thus, in the EU countries, the analytical value of the subsistence minimum per person and family is calculated, the indicator of which takes into account the cost of 50 types of products, housing, transport and unforeseen expenses. Product price data is collected through online surveys. Thus, according to the foundation's calculations, the minimum living salary in 2020 in Bulgaria was 346 euros per person and 554 euros per family, in Croatia it was 930 euros per person and 1391 euros per family (Libanova, 2020).

That is, the subsistence minimum in Europe is approximately 2 times more than the MS in Ukraine, since consumer prices are taken into account to determine it. This allows the EU countries to set a living salary and MS, in the amount that is able to provide a decent standard of living for a working person. Therefore, in Ukraine, it is necessary to change the method of determining the level of MS, in particular, the major criterion should be the purchasing power of the population, which is set separately for each region and depending on the prices of vital goods and services. The amount of payments received by public sector employees depends on the level of MS. In Ukraine, the size of the official salary for an employee of a government-financed organisation, in particular, an employee in the field of education, depends on the position and the size of the tariff category, which is established for each position (Yaroshenko et al., 2020; Shebanina et al., 2021). Also, the position of an education worker includes a wide range of salary surcharges (Marinić and Pecina, 2022). Salaries for education workers are calculated on the basis of the single tariff grid (STG) (Resolution of the

Cabinet..., 2002), which is a set of tariff ratios applied to the lowest level of salary. STG provides for 25 grades, each of which corresponds to a specific tariff ratio for calculating the salary. The value of the ratios for 2022 should be considered for categories 1 (the lowest grade), categories 9-11 (for teachers of general education institutions) and 25 (the highest category) (Table 3).

From the data in Table 3, it can be seen that for the 1st tariff category, the salary is almost 2 times lower than MS. This deviation was also observed in 2021. However, for the 25th category, the salary is, on the contrary, 2 times higher than MS. STG is applied in order to calculate the basic salary for an employee, which is not supposed to be lower than MS. If the amount is less than MS, then there is a surcharge. For instance, for the 11th tariff class, the surcharge in March 2022 was 801 UAH (5699-6500). Therefore, for the categories of employees whose positions are tarified according to the positional salary, which is lower MS, the basic positional salary will be the same, which reduces the employee's incentive to increase the efficiency of their work. In addition to salary payment, education workers are paid additional payments and surcharges. To illustrate, a surcharge for teaching experience is as follows: 10% (3 years), 20% (20 years) and 30% (30 years); extra payment for checking written works, class management (Resolution of the Cabinet..., 2002).

For instance, for a teacher of the first category, who has been working for more than 5 years with a load of 18 hours per week, the salary in March 2022 was 7223.70 UAH. In this case, the amount of salaries, taking into account the additional payment for seniority (10%), prestige (20%) and verification of written works (20%), amounted to 10385.55 UAH, and after deducting mandatory payments – 8722.62 UAH (Resolution of the Cabinet..., 2002). To compare, in the EU countries, the ratio of the starting salary of teachers to MS ranges from 1.1 (Poland) to 2.8 (Germany). In most countries, this indicator is more than 1.8 in Ukraine – 1.3. The initial salary level of teachers in EU countries varies (Fig. 2) (Teachers' and School Heads'...2022).

Table 3. Salaries and STG for Individual Tariff Categories for 2021-2022.

Tariff Category	Tariff Ratio	Official Salaries		
		2021	2022	
		January-December	January-September	October-December
1	1	2893	2893	2982
9	1.73	5005	5005	5159
10	1.82	5265	5265	5427
11	1.97	5699	5699	5875
25	4.51	13047	13047	13449
MS		6000	6500	6700

Source: compiled based upon data (2002).

Table 4. The Structure of the Salary Fund of State Officials According to Salaries in Civil Service Positions in 2022.

Position name	Civil service category	The range of salaries, UAH	Seniority allowance, %	Allowance for the rank of a state official, UAH	Bonus, % to the official salary
The head of the state body and their deputies	A	28100-40100	3% for 1 year of service up to 50%	800-1000	For the monthly bonus – up to 30%; for the quarterly bonus – 90%
Chief Executive Officer of the Directorate, directors and their deputies of the Government Office for the Coordination of European and Euro-Atlantic Integration; heads of departments, local state administrations, independent departments, services, as well as their deputies; other management positions of category B in accordance with Resolution of the Cabinet of Ministers of Ukraine No. 15 “Issue of remuneration of employees of state bodies” (2017)	B	6500-22600	% for 1 year of service up to 50%	500-800	Up to 30%
State expert, state expert of the Directorate, General Department, Government Office for the Coordination of European and Euro-Atlantic Integration, administrator, chief, leading specialist and specialist of the state body.	C	5200-11700	% for 1 year of service up to 50%	200-500	Up to 30%

Source: compiled based upon data (2017; 2015).

As it may be seen from Fig. (2), the salary of education workers in some EU countries exceeds this figure in Ukraine by more than 10 times. This indicates a significant backwardness of the remuneration level for similar work in Ukraine. In EU countries, the level of a teacher’s salary depends on the place of work and qualifications. The major components of the salary of school teachers in EU countries are (Motiejunaite et al., 2021): basic salary and additional payments. Additional payments also include salary increases, which are possible if the teacher demonstrates high productivity, improvement of their work compared to standard requirements. Another category of employees of the public sector, whose payments also deserve attention, are state officials, whose salaries are determined by Resolution of the Cabinet of Ministers of Ukraine No. 15 “Issue of remuneration of employees of state bodies” (2017). Official salaries of state officials are classified depending on the category (A, B,

C), subcategory (A1, A2, B1, B2, B3, C1, C2, C3) and the civil service position corresponding to a certain subcategory. Salaries also vary depending on the territory level, for instance, for the chief specialist of a state body whose jurisdiction extends to the territory of Ukraine, the salary (11700 UAH) is 2.1 times higher than that of the chief specialist of district level (5600 UAH). The minimum salary for a C3 category specialist in 2022 is UAH 5200, which is 25% less than the MS level. The salary of state officials, in addition to the official salary, includes various additional payments established by the Law of Ukraine No. 889-VIII “On civil service” (2015), namely: for rank, years of service, recruitment incentives, bonus, etc. From all these payments, the salary fund of state officials is formed (Table 4).

As it may be seen from Table 4, the salary of a state official depends mainly on their category and years of service, on the basis of which allowances for seniority and rank are estab-

lished. For instance, the salary of the chief specialist may have the following structure:

- in case of absence of civil service experience: official salary (6700 UAH) + additional payment for the rank (200 UAH) + bonus (25% of the salary), which together will amount to 8575 UAH;
- in case of more than 20 years of civil service experience: official salary (6,700 UAH) + additional payment for rank (500 UAH) + seniority allowance (50% of salary), bonus (25% of salary), which will total 11925 UAH.

Therefore, despite the legally approved right of a state official to additional payments, the salary of an employee who is just starting their career does not include most additional payments at all and consists mainly of a salary, to which an additional payment up to the MS level is added, a minimum additional payment for the rank and bonuses in up to 30%. In total, the initial salary level of a civil servant is up to 8575 UAH, which equals 215 euros (2017). For comparison, in EU countries, state officials are among those who receive the highest salaries and have the best working conditions. The starting salary for EU state officials is 2650 euros, and the basic salary for the higher category of employees is 18370 euros. Officials in the EU also receive subsidies for education and higher education for their children. An analysis of the salary structure of state officials in the EU shows that the basic salary is 80-85%, and only 15-20% are additional payments (Krzywoń, 2022).

So, in the EU, the level of the starting salary exceeds the Ukrainian one by 12.6 times. This level is insufficient to encourage state officials to take responsibility for their duties and encourage them to improve work efficiency. The main part of the salary of a civil servant in Ukraine consists of additional payments (more than 50%). It is worth noting that in order to ensure the appropriate level of remuneration of lower-level state officials, the approaches to determining the salaries of state officials and the ratio between the basic salary and additional payments should be reviewed so that they do not exceed 20% of the total amount. Taxation of salaries of employees of the public sector is carried out in compliance with the requirements of the Tax Code of Ukraine (2010). Before the salary is paid, personal income tax in the amount of 18% and military duty – 1.5% are withheld from it.

In EU countries, the approach to taxation of salaries is different, differentiated rates are mainly applied. So, the tax rate in Germany depends on the level of salaries: if an employee receives from 8820 to 54058 euros per year, such income is taxed at a rate of 14%; from 54058 to 256304 euros – at a rate of 42%, and above 256304 euros – 45% (Rogers and Philippe, 2020). In Ukraine, the salaries of both the lower category of employees, who receive almost at the level of MS, and for high-ranking officials, whose salary is several times higher, are taxed at the same rate, which may be considered unfair. It is appropriate to implement differentiated personal income tax rates to reduce the tax burden on those who earn less, and increase it for the workers who earn more. In the public sector, the accounting of settlements with employees on salaries is carried out in accordance with the Or-

der of the Ministry of Finance of Ukraine No. 1203 “On approval of the Plan of accounting accounts in the public sector” (2013) according to such transactions (Table 5).

Table 5. Display of Payroll Transactions in Accounting.

No. of Salary	Content of the Operation	Correspondence of Accounts	
		Debit	Credit
1	Payroll	8011	6511
2	Withholding tax from salaries	6511	6311
3	Transfer of personal income tax to the budget	6311	2313
4	Single social contribution is charged	8012	6313
5	A single social contribution has been paid	6311	2313

Source: compiled based upon data (2013)

Table 5 depicts how obligations for salary payments to employees should be reflected in accounting. The major account is 65 “Salary calculations” and sub-account 6511 “Salary calculations” (Order of the Ministry..., 2013). Information on payments for work performed by employees of the budget sector, disclosure of this information in financial reporting is carried out in accordance with NR(S)APC 132 (2011). At the international level, the procedure for accounting and disclosure of information by public sector entities about employee benefits is defined by IPSAS 25 (2008). A comparison of the contents of NR(S) APC 132 (2011) and IPSAS 25 (2008) shows their differences, in particular regarding the list of benefits. Thus, NR(S) APC 132 defines the following payments to employees: current payments; termination payments; other payments. IPSAS 25 (2008) describes the following categories of employees: short-term payments; payments upon termination of employment; long-term payments; termination payments. One of the major differences of IPSAS 25 (2008) is its separation of short-term (salary, social security contributions, paid annual leave and temporary disability, profit sharing and bonuses, non-monetary benefits (medical care, housing, cars, etc.)) and long-term benefits (additional seniority leave or paid academic leave, anniversary payments, seniority payments, long-term disability payments, profit sharing, bonuses and deferred compensation, if not paid in full within twelve months after the end of the period).

Long-term payments such as the payment of additional leave for years of service are relevant for the accounting of payments to employees, especially state officials. The display of long-term and short-term payments separately allows one to analyse the short-term and long-term obligations of the institution and to obtain reliable information about the financial condition of government-financed organisations and, in general, about the condition of the state budget obligations. Therefore, it is appropriate to amend NR(S) APC 132 (2011) and distinguish short-term and long-term benefits to employees. The draft of amendments to NR(S) APC 132 (2011) should have the following form: “Amend paragraph 4 of NR(S) APC 132 and express it the following way: “4. Em-

ployee benefits include: short-term benefits, severance benefits, long-term benefits, and severance benefits". In the following sections of NR(S) APC 132 (2011), categories of short-term and long-term benefits to employees should be deciphered. Bringing NR(S)APC 132 (2011) into line with IPSAS 25 (2008) in terms of the separation of payments by term will allow one to increase the comparability of reporting data on the financial activity of budget institutions of Ukraine and other countries of the world.

Control over payments to employees in the public sector is carried out at the level of the institution by the audit service (internal control) and other control bodies (external control), in particular the State Labor Service of Ukraine, which monitors compliance with the requirements of labor legislation in accordance with Resolution of the Cabinet of Ministers of Ukraine No. 96 "On the approval of the Regulation on the State Labor Service of Ukraine" (2015). The major violations of the labor legislation, which are most often allowed when charging and paying employees of the budget sector, are the following:

- admission of salary arrears or violation of the terms of its payment;
- payment to employees below the amount of MS established by law;
- errors in the calculation of amounts, which leads to underpayment or overpayment.

However, the text of the Regulations does not specify the areas in which the State Labor Service of Ukraine should carry out control for its effectiveness and to reduce violations of labor legislation by employers. In addition, there is no order that would determine the procedure for such control in public sector institutions. Currently, the following issues are also relevant and require the attention of regulatory bodies:

- accrual and payment of inflated allowances and bonuses to heads of budgetary institutions compared to the payments received by employees of a lower category of the same institutions;
- non-transparency of information among employees of the institution about the amounts of allowances and bonuses of all employees.

This leads to a loss of employees' trust in management and a decrease in work intensity. The above indicates the need to develop and approve a regulatory document that would determine the procedure for conducting inspections by employees of the State Labor and Emphasis on the following areas: substantiating the amount of additional payments to employees and transparency of information about additional payments among employees. Therefore, the study of accounting and control support for the management of employee payments in the budgetary sphere allowed to justify the need to increase the level of MS and salaries for education workers and state officials, as well as the introduction of differentiated rates for taxation of salaries (Kostruba and Lukianov, 2019; Miethlich et al., 2021). A comparison of the content of NR(S)APC 132 (2011) and IPSAS 25 (2008) shows the expediency of separating information about short-term and long-term payments to employees in the national standard in

order to obtain reliable information about the obligations of budget institutions. The analysis of control over compliance by public sector entities with labor legislation indicates the need to develop a procedure for inspections by State Labor and Employment employees and to enhance control over determining the amount of additional payments to employees and the transparency of information about such payments.

4. DISCUSSION

Analysis of the condition of accounting and control support for the management of payments to employees in the public sector showed that salaries in the public sector are essential in stimulating work and increasing the efficiency of the performance of state functions. However, the insufficient level of remuneration compared to EU countries, approaches to taxation, accounting and monitoring of compliance with labor legislation indicate the need in finding ways to improve in this area (Andrusiv et al., 2020; Sultanbayeva et al., 2013b; Zaborovskyy et al., 2020). The results obtained in the research process allow us to state that the provided suggestions are aimed at increasing the reliability of the display in the accounting of information about the obligations and financial condition of budget institutions, as well as strengthening control over the calculation and payment of salaries. Based upon the results of the research, it was found that MS in Ukraine is much lower than in other countries of the world, in particular EU countries, which does not allow the working population of Ukraine to ensure a decent standard of living (Komilova et al., 2019; Akbarov et al., 2018). When setting the MS, the living salary for working people is taken into account. When calculating MS, it is suggested to consider the prices of essential goods and services.

Ukrainian scientist E. Libanova (2020) supports the point of view on changing approaches to determining the subsistence minimum, and offers to use a criterion of 40% of the average salary to calculate the amount of state social assistance, from which the relevant taxes and mandatory contributions to the general obligation are paid compulsory state social insurance. The author notes that it is advisable to rely on the subsistence minimum, calculated by the normative-structural method (based upon the differentiated share of the food component in the consumer basket of various age groups of the population). The work emphasises the relatively low level of salaries of education workers and substantiates the negative impact of this fact on the effectiveness of their duties (Kharytonov et al., 2021; Sultanbayeva et al., 2013a). At the same time, the influence of MS and timely payment of salaries on the effectiveness of teachers in educational institutions was studied by African scientists F. Adekanmbi and W. Ukpere (2021), who also proved that the size of MS and timely payment of salaries significantly affect the productivity of teachers in public secondary schools. The impact of remuneration and benefits on the productivity of employees of public institutions was studied by the American scientist D. Cengiz et al. (2019) and the Malaysian A.A. Kadir et al. (2019), who proved that there is a positive correlation between compensation and employee productivity.

Supporting the results of the research of the French scientist M. Bobba et al. (2021), it should be emphasised that raising

salaries is an effective policy tool for increasing the provision of social benefits to the population. In this research, attention is focused on the taxation of salaries of public sector employees and it is suggested to apply differentiated rates depending on the amount of taxable income. At the same time, Polish scientists M. Świstak and P.P. Smoleń (2022) consider inconsistencies in taxation legislation, in particular, regarding the amount of the teacher's remuneration, from which 50% of the fixed income is not subject to taxation. Agreeing with the opinion of the authors, it should be noted that for the lower categories of positions in the public sector, it is advisable to establish a level of income that is not subject to taxation, since the salary level in these positions is very low. This will be a tax benefit that will reduce the tax burden and encourage workers to agree to work in low positions. The American scientist R. Klonoski (2016) conducted a study of the essence of the "employee benefits" category, and emphasised that this term is useful for accounting purposes and involves different variations depending on whether it is implemented by the Government, management or employees. It is worth noting that the conceptual definition of the term "employee benefits" should derive from the usefulness of benefits as a set of tools for staff retention and their motivation to work. As it was mentioned in the work, payments to employees are basic and additional, due to which employees are mainly stimulated or, in the case of poor-quality work, a part of additional payments is deprived (Kostruba et al., 2020; Kerimkulov et al., 2015).

Thus, according to the Slovak scientist L. Tomčíková (2016), additional payments may include insurance (health, life, etc.), pension payments, paying for kindergarten for a child, and others. The top benefits rated by employees were paid vacation, health care, and balancing time off and work time. The point of view of the scientist should be supported and added that the package of benefits in a budget institution should be reviewed annually or more often depending on internal and external factors that affect the institution's activities, as well as considering changes in the priorities of employees. The researchers conducted by the Portuguese scientist J.A. Van Geert (2019) confirmed that when an employee is aware of the availability of benefits in the form of payments, communication with them becomes more effective and beneficial for improving their work results. Agreeing with the opinion of the Greek scientist E. Galanaki (2020), it is worth noting that the introduction of additional payments to employees should be based upon a subjective assessment of the services provided by employees of a certain public institution.

Despite the fact that the study emphasises the need to increase the level of salaries for employees of the budget sector, in the complex economic conditions in which the economy of Ukraine is, if it is necessary to reduce budget expenditures, it is impossible to do without reducing the amount of payments to employees. In this regard, beneficial results were obtained by Chinese scientists S. Siyal and T.N. Garavan (2020), who argued that the reduction of benefits may negatively affect the attitude and behavior of employees. Therefore, the scientist recommends identifying approaches that would reduce the negative reaction of employees to such a reduction. After all, changes in the attitude and behavior of employees are unfavorable for a budget institu-

tion and affect their productivity. Recommended approaches fall into three main categories: approaches that emphasise employee expectations of their benefits; approaches aimed at meeting the needs of employees; involvement of employees in the development and payment plans in the institution. Fully agreeing with the suggestions of S. Siyal and T.N. Garavan (2020), in particular, regarding the involvement of employees in the development and payment plans, the need to increase the transparency of payments in budget institutions should also be emphasised.

The research substantiates the importance of the reliability and completeness of information about employee payments in accounting. In support of this point of view, Ukrainian scientists V. Panasyuk and M. Lalakulych (2020) identify the ways to improve the accounting of employee benefits, prevent errors, emphasise the importance of internal audit in the institution and suggest improving the model of analytical accounting of employee benefits. According to the results of the study, the difference between Ukrainian and international accounting standards regarding the reflection of employee benefits in accounting was confirmed. Similar results were obtained in the work of Greek scientists K. Liapis and E. Thalassinou (2013), who performed a comparative analysis of national and international accounting standards and reporting on employee benefits. The scientist notes the need to review accounting statements according to various standards in order to identify inconsistencies and offer appropriate adjustments. The work emphasises the importance of ensuring proper control over payments to employees, which is an important element in the management of a public institution. At the same time, African scientists S. Katete and A. Nyangarika (2020) proved the existence of the consequences of negative impact of the delay in teacher payments on the educational process.

The analysis of the research results of the above-mentioned scientists confirms the conclusions and suggestions regarding the improvement of accounting and control over the payment of employees in the public sphere. Particular attention should be paid to ways of increasing the level of salaries, as a factor for stimulating the efficiency of the activities of employees of the public sector, their responsibility and achieving the European level of material support of employees. Improving the implementation of accounting and control functions in the public institution will increase the reliability and transparency of information about their financial status.

5. CONCLUSIONS

The conducted scientific research shows that fair payments to employees in the public sector are of significant value for the effectiveness of the performance of the functions assigned by the state to public institutions, in this regard, the development of measures aimed at improving accounting and control over the payment of salaries is relevant. In accordance with the objective set in this work and on the basis of the analysis of the accounting of payments to employees and monitoring of compliance with labor legislation, the following suggestions were formulated. In order to increase the MS level, which is appropriate for establishing a decent remuneration for employees of public institutions, it is offered to change the method of its determination, in particular,

in which the major criterion should be the purchasing power of the population of a certain region and the prices of vital goods and services.

The expediency of applying differentiated rates, according to which the salaries of employees of the budget sector are taxed, is substantiated. The necessity of separating long-term and short-term payments to employees in NR(S)APC 132 has been proven, which will allow analysing obligations of various terms and obtaining reliable information about the financial condition of public institutions. The need to develop and approve a regulatory document that would determine the procedure for conducting inspections by employees of the State Labor and Emphasis on the areas was emphasised. It includes substantiating the amount of additional payments to employees and transparency of information about additional payments among employees. The guidelines offered above are of practical importance for managers and chief accountants of public institutions during the formation of accounting policy and management of the financial state of institutions, as well as for controlling bodies when developing measures to organise control activities in compliance with labor legislation. The major directions of further research in this matter will be the improvement of analytical accounting of employee payments and the display of information about such payments in financial statements, as well as the development of new ways for the implementation of internal and external control over the calculation and payment of salaries to employees of the public sector.

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