

DOI: <https://doi.org/10.32782/2524-0072/2025-72-43>

UDC 657.6

FEATURES OF INTERNAL CONTROL OF PAYMENT SETTLEMENT IN HEALTHCARE INSTITUTIONS

ОСОБЛИВОСТІ ВНУТРІШНЬОГО КОНТРОЛЮ РОЗРАХУНКІВ ЗА ВИПЛАТАМИ ПРАЦІВНИКАМ У ЗАКЛАДАХ ОХОРОНИ ЗДОРОВ'Я

Feshchenko Yevheniya

Ph.D., Associate Professor,

Taras Shevchenko National University of Kyiv

ORCID: <https://orcid.org/0000-0002-5673-7672>

Bohutska Yuliia

Master's degree student,

Taras Shevchenko National University of Kyiv

ORCID: <https://orcid.org/0009-0000-6257-1923>

Фещенко Євгенія Аркадіївна, Богуцька Юлія Романівна

Київський національний університет імені Тараса Шевченка

The article underscores the paramount importance of the internal control system in budgetary institutions, particularly in healthcare facilities. Effective financial resource management is not just a critical aspect of institutional efficiency but also a matter of utmost importance for the population's well-being. The research examines the specific features of the internal control system for employee payments in healthcare institutions that provide medical services to the population of Ukraine. The article is particularly relevant to the healthcare sector as it directly impacts these institutions' financial stability and transparency, which in turn affects the quality of healthcare services provided. A comprehensive analysis of the functioning of internal control over employee payments in medical institutions was conducted. Particular attention was given to the need for compliance with the current regulatory and legal framework, which is crucial to enhance transparency and efficiency in administrators' and recipients' use of budgetary funds.

Keywords: internal control, healthcare institution, employee payment settlements, budgetary funds, accounting, standardization, risk-oriented approach.

У статті досліджено важливість системи внутрішнього фінансового контролю у закладах охорони здоров'я державного сектору економіки. Нині це зумовлено більшою мірою законодавчим вимогам та фінансового моніторингу з боку таких підприємств, проте це є важливою частиною ефективного функціонування установ медичної сфери. Актуальність дослідження обумовлена процесом інтеграції України у Європейський Союз, що в першу чергу вимагає стандартизації великої кількості аспектів економіки України, зокрема й наявності та доцільної роботи системи внутрішнього контролю на всіх суб'єктах господарювання. У процесі дослідження було з'ясовано основну необхідність та особливості функціонування системи внутрішнього контролю розрахунків за виплатами працівників у закладах охорони здоров'я, розглянуто теоретичний та практичний аспекти здійснення внутрішніх контроль заходів у частині виплат персоналу медичної установи та з'ясовано основні недоліки й надано рекомендації щодо удосконалення внутрішнього фінансового контролю здійснення всіх видів виплат медикам. Результати дослідження свідчать про необхідність внутрішнього контролю, яка є ключовим елементом функціонування бюджетних установ медичної сфери. Виявлено, що система внутрішнього контролю має низку проблем, які впливають на доцільність здійснення контрольних заходів та процесу стандартизації внутрішнього контролю. Запропоновано впровадження більш автоматизованих систем, які дозволять діджиталізувати контрольні заходи та запровадити використання ризик-орієнтованого підходу у внутрішньому контролі, який ідентифікуватиме та оцінюватиме всі можливі ризик й надавати на основі цього аналізу доцільні рекомендації задля забезпечення прозорості, ефективності, законності системи внутрішнього контролю, у тому числі за виплатами працівникам, а також для мінімізації фінансових втрат установи. Запровадження вдосконалень, зокрема ризик-орієнтованого підходу у системі внутрішнього контролю за виплатами працівникам, націлене на забезпечення більшої прозорості та законності виплат медикам та ефективному використанню бюджетних коштів, пришвидшеній євроінтеграції та запобіганню фінансових втрат, які зумовлені помилками чи шахрайствами.

Ключові слова: внутрішній контроль, заклад охорони здоров'я, розрахунки за виплатами працівникам, бюджетні кошти, бухгалтерський облік, стандартизація, ризик-орієнтований підхід.



Problem Statement. One key component of the effective functioning of any business entity is the accurate, complete, error-free, and timely accounting of employee payment settlements, which is closely linked to an efficient internal control system. Implementing effective control over financial operations related to employee remuneration helps mitigate the risks of specific financial violations such as embezzlement, fraud, and mismanagement, and strengthens financial discipline within healthcare institutions.

Internal control, as used in this study, refers to the process designed to provide reasonable assurance regarding achieving objectives in the following categories: effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. It is crucial to understand that internal control is not a mandatory element of business operations in Ukraine. However, this oversight can lead to significant financial losses, reduce institutions' solvency, and compromise financial reporting. The potential for such losses should serve as a wake up call for enterprises to prioritize implementing and maintaining an effective internal control system, as the consequences of not doing so can be dire.

Many enterprises require an effective internal control system to prevent accounting and financial reporting errors, particularly regarding employee payment settlements. This study's relevance is driven by the urgent need to introduce mandatory and standardized internal control systems in healthcare institutions and across all enterprises, regardless of their affiliation with the private or public sector of the national economy. Your role in this implementation is crucial, and the impact of standardized systems in healthcare cannot be overstated.

Analysis of Previous Studies and Publications. The study of internal control within enterprise administration is a relatively new field in business management research. However, the work of several Ukrainian scholars, including Kravchenko Y. P., Melnyk T. G., Mykhalska O. L., Pasichnyk V. M., Travinska S. I., and Feshchenko Y. A., has significantly advanced our understanding of this field. Their contributions, which highlight the necessity of an internal financial control system within every enterprise, are both recent and highly fundamental.

These scholars focus on the state of internal control in the Ukrainian economy and propose improvements to internal financial control in enterprises through standardization and

harmonization. A review of recent research and publications identified the work of Melnyk T. G., Mykhalska O. L., Travinska S. I., and Feshchenko Y. A. [9], in their joint research, analyzed the state of internal control systems in the public sector, offering recommendations for improving internal control services in budgetary institutions through a risk-oriented approach. Pasichnyk V. M. [10] outlined the key principles and types of internal control based on a comparative analysis of their significance in Ukraine's national security system. At the same time, Kravchenko Y. P. [8] emphasized the importance of adopting international internal control practices. This emphasis on international practices reflects a commitment to progress and development in internal financial control.

Identification of Unresolved Aspects of the General Problem. Internal financial control is a necessary component of an enterprise's effective operations and a key mechanism for ensuring the completeness, timeliness, and accuracy of information regarding all business processes, including employee payment settlements. As a result, it promotes transparency in enterprise operations and enhances employee motivation and satisfaction, directly affecting business viability.

However, several unresolved issues persist in internal financial control over employee payments. These issues impact not only employees but also the enterprise's overall efficiency. One such problem is the absence of standardized regulations for controlling employee payments. The urgent need to establish such regulations is clear, as it would bring much-needed order and structure to internal financial control, enhancing its effectiveness and reliability.

Formulation of the Study Objectives (Research Task Statement). The primary objective of this study is to define the fundamental principles of internal financial control over employee payment settlements in healthcare institutions. This is a crucial area of study, as it not only identifies key areas for improvement in standardizing the internal control process for employee remuneration but also has significant implications for the financial health of healthcare institutions. The importance of this objective cannot be overstated, as it forms the basis for the study's relevance and potential impact, which we believe will be substantial and far-reaching.

Presentation of the Main Research Material. An internal financial control system is an essential component of institutional functioning in enterprises operating within the budgetary

sector, which means administrators or recipients of fiscal funds. As academics, researchers, and professionals in healthcare finance and management, your role in understanding and implementing these systems is crucial. According to Article 26 of the Budget Code of Ukraine, an internal financial control system is an integral part of the operation of budgetary institutions, as they are required to conduct internal control over the targeted use of fiscal funds [1]. Furthermore, the necessity for an internal control system in budgetary institutions is driven by strict financial monitoring imposed by the state.

According to the Budget Code of Ukraine, internal control is a set of measures implemented at all organizational levels of an enterprise by its management to ensure legality, efficient use of budgetary funds, and identifying existing issues within the business entity to facilitate managerial decision-making [1]. The practical organization of an internal financial control system is a critical criterion for functioning healthcare budgetary institutions [3]. The lawful implementation and execution of internal control, including employee payment settlements, in budgetary institutions is ensured by the institution's management through a series of measures, such as the development and approval of regulations for the creation of an internal control department, the designation of responsible personnel, and so forth. The key principle in organizing an internal control system is adherence to accountability and the subordination between management and employees based on legislative provisions, underscoring the crucial role of management in this process.

International regulatory frameworks, particularly the International Standards for Internal Control developed by the International Organization of Supreme Audit Institutions (INTOSAI), establish that internal control should be carried out by the institution's management and all employees. This underscores the interconnectedness between senior management and all operational levels within the enterprise, highlighting the importance of collaboration in effective internal control. This collaboration is essential for the successful implementation of internal control measures and the prevention of financial violations.

Several factors determine the effectiveness of an internal financial control system, including the quality of enterprise management, the professional competence of internal control personnel, and the availability of necessary

resources for control activities. The combined influence of these factors is significant, as they impact not only the efficiency of the control system itself but also the managerial decisions made by the leadership of budgetary institutions when developing and improving internal financial control processes.

The primary goal of internal control over employee payment settlements is to ensure the legality, transparency, accuracy, and efficiency of budgetary funds allocated for salary payments. Implementing control over employee remuneration aims to prevent financial violations, detect errors and fraudulent activities, and optimize payroll distribution, thereby reducing social inequality and increasing employee motivation. As part of this study, the key objectives of internal control over employee payment settlements in budgetary institutions have been identified (Figure 1).

The process of payroll verification is a meticulous one, beginning with a detailed analysis of the justification for approved budget allocations for an organization's wage fund. This involves a thorough review of the accuracy of production planning indicators, such as network structure, staffing levels and schedules, work time tracking, norms, and calculations for various types of employee payments. Additionally, precise payroll fund planning for each employee category is conducted, taking into account the specifics of the budgetary institution's operations and employees' work experience. For instance, the minimum salary level in healthcare institutions is set differently from the national minimum wage. Specifically, the minimum salary for doctors is 20,000 UAH (hourly rate 120.30 UAH), and for nurses and medical interns, it is 13,500 UAH (hourly rate 81.25 UAH).

When conducting internal control over employee payments, defining the control object accurately is crucial. This may include: reviewing the human resources department, ensuring the legality and efficiency of payroll fund utilization, conducting an economic analysis of working hours and compliance with staffing discipline. This analysis involves assessing the productivity of employees based on their working hours and the extent to which they adhere to the staffing schedule. It is a key measure to ensure that the institution's resources are used efficiently. Other control measures include verifying the accuracy of salary calculations and payments, ensuring proper reflection of all types of payments in the accounting system.

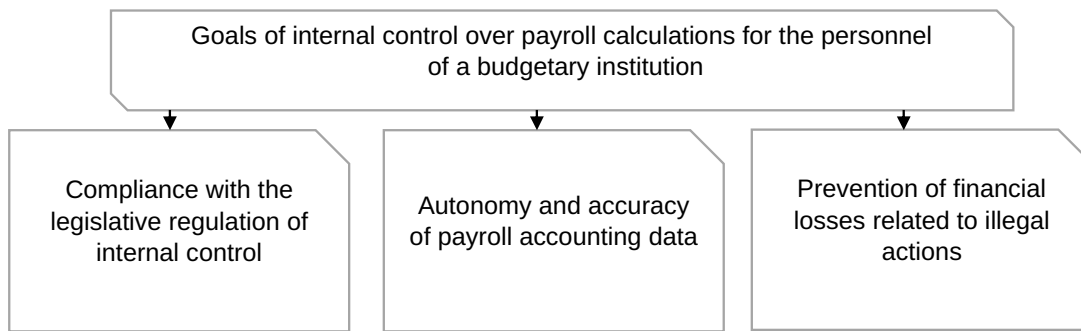


Figure 1. Key Objectives of Internal Financial Control for Employee Remuneration in Budgetary Institutions

Source: Compiled by the author based on [3]

The methodology of internal financial control over employee payments in healthcare institutions consists of a set of measures, principles, procedures, and methods aimed at ensuring legality, accuracy, timeliness, and efficiency in payroll administration. This helps prevent financial violations, errors, or fraud, ensuring the proper use of earmarked funds and improving the financial management efficiency of budgetary institutions.

The methodological approaches to internal financial control over employee payment settlements in budgetary institutions include the following:

1. Comprehensive analysis of primary documentation related to employee payments. This involves a thorough verification of the accuracy and validity of payroll-related documents, such as work time tracking sheets, hiring orders, leave applications, electronic sick leave certificates and other documentation that directly impacts the calculation of various types of employee compensation;

2. Regular monitoring of work discipline compliance is a cornerstone of our approach. It provides continuous oversight to ensure that employees fulfill their job responsibilities as defined in their job descriptions, employment contracts, and wage rates;

3. Verification of the accuracy of employee payments is a meticulous process, including documentary checks of the correctness of payroll calculations and deductions, ensuring compliance with established norms, staffing schedules, employment contracts, and official orders, and verifying the accuracy of tax deductions.

This level of scrutiny ensures that all payments are accurate and in compliance with regulations. While executing control measures related to

employee payments, the internal auditor primarily analyzes all financial policies in healthcare budgetary institutions. This includes reviewing salary calculations, bonuses, compensations, and other allowances, tracking work time, and ensuring data confidentiality. Simultaneously, a documentary review of internal regulations is conducted to verify compliance with applicable legislation. These regulations include collective agreements, remuneration policies, and bonus and compensation regulations. The auditor examines these documents, evaluates their compliance with legislative requirements, identifies potential gaps and deficiencies, and provides recommendations for their improvement. Periodic revisions and updates to these regulations are also carried out.

During the control process, the internal control officer, who is responsible for overseeing and managing the internal control system, plays a crucial role. They assess the effectiveness of existing control and accounting mechanisms within the institution and propose ways to improve them. This may involve implementing automated systems to optimize accounting processes, reduce the risk of errors or fraud, and enhance transparency in financial operations. The auditor conducts a detailed comparative analysis of planned versus actual expenditures in the salary fund, allowing for the identification of inefficient budget expenditures or planning deficiencies. To enhance the quality of internal control, it is advisable to introduce specialized software that will enable significant automation of audits and more precise analyses.

However, automation alone cannot improve the internal financial control system for employee payments. A crucial aspect is standardizing and harmonizing internal control processes with international standards. This alignment, while

facilitating Ukraine's integration into the European Union, also brings significant benefits such as improved transparency and effectiveness in the internal control system.

Embracing a risk-oriented approach to internal financial control is a promising avenue for enhancing the efficiency of internal control systems in healthcare institutions. This approach, which is gaining traction as a powerful tool for monitoring employee payments, is based on identifying, assessing, and managing risks in payroll calculation and payment processes. By minimizing the negative impact of these risks, we can significantly improve the institution's financial health. Moreover, standardizing financial management approaches to employee payments will ensure the consistent application of risk assessment methods in payroll calculations. This uniformity in assessing control effectiveness guarantees objectivity, systematic analysis, and well-founded managerial decisions regarding employee remuneration in medical institutions.

Adopting a risk-oriented approach to internal financial control over employee payments allows for a systematic evaluation of potential errors or fraudulent activities, thereby preventing financial losses for the institution. This approach ensures the development of effective risk mitigation strategies and involves continuous monitoring of legislative norms and standards governing the remuneration of medical personnel. This ongoing oversight creates more transparent and controlled payroll processes that align with all financial management requirements, providing a sense of reassurance about the ongoing control over financial processes.

The risk-oriented approach is a comprehensive strategy that includes initial risk identification and assessment, the development of specific control measures, and the implementation of rapid response strategies. These rapid response strategies, which may include immediate corrective actions or emergency procedures, are crucial for mitigating identified risks and minimizing financial penalties. Equally important is the final stage of the risk-oriented approach, which involves regular monitoring and review of control procedures. This stage ensures that the system can quickly adapt to legislative changes affecting healthcare employee payments, instilling confidence in the system's adaptability.

Conclusions. Currently, the internal control system in medical institutions is more of a legislative requirement than an operational necessity. This is primarily due to the state's stringent financial monitoring. However, the

internal control system for employee payments is a crucial element for the effective functioning of healthcare institutions. Control measures are designed to ensure transparency, legality, accuracy, and timeliness in accounting for employee payment settlements, identify risks, and prevent financial losses within the institution.

The research has brought to light significant deficiencies in the internal financial control system for medical personnel payments, leading to economic losses for healthcare institutions. These deficiencies, such as the lack of automation in control processes, the risk of errors, and the potential for fraud in calculating various types of employee payments, are not to be overlooked. Immediate attention and action are necessary to prevent further losses and ensure the financial stability of healthcare institutions.

One of the most effective approaches to internal control is the risk-oriented approach. This method, which focuses on identifying and assessing risks related to employee payments, developing effective mitigation measures, and the systematic monitoring and adaptation of the internal control system in response to changes in the regulatory framework, plays a crucial role in preventing financial losses resulting from violations. By facilitating well-founded managerial decision-making, it ensures the financial stability of healthcare institutions, providing a sense of reassurance to all stakeholders about the effectiveness of the proposed measures.

The standardization of internal financial control over payroll, in compliance with international legal requirements, significantly enhances economic management. It also accelerates Ukraine's European integration processes, which are critical to the state. Unified criteria for assessing the effectiveness of internal control will ensure objectivity in analysis and the adoption of well-informed managerial decisions by healthcare institution leadership.

Furthermore, integrating automation into control processes is a pivotal step in the digitalization of the economy. This digitalization, which is a key aspect of modernizing the healthcare sector, will not only improve efficiency but also enhance transparency and accountability. When combined with a risk-oriented approach, automation significantly reduces the likelihood of errors or fraud, improving financial transparency and enhancing accountability in healthcare institutions. This reassures us about the future of internal control systems, promising a more efficient and secure operation.

A set of recommended measures has been proposed to enhance the efficiency of the internal control system for employee remuneration. If implemented, these measures have the potential to significantly improve healthcare institutions' financial stability and transparency. They are based on standardization, implementing a

risk-oriented approach, minimizing the risks of inefficient fund use, and ensuring the financial stability of healthcare institutions. The successful implementation of these measures could herald a positive transformation in the financial management of healthcare institutions, instilling a sense of hope and optimism in all stakeholders.

REFERENCES:

1. Verkhovna Rada of Ukraine. (2010). Biudzhetni kodeks Ukrainy [The Budget Code of Ukraine]: *the law of Ukraine*. № 2456-VI. URL: <https://zakon.rada.gov.ua/laws/show/2456-17#Text>
2. Verkhovna Rada of Ukraine. (1999). Pro bukhalterskyi oblik ta finansovu zvitnist v Ukraini [About accounting and financial reporting in Ukraine]: *the law of Ukraine*. № 996-XIV. URL: <https://zakon.rada.gov.ua/laws/show/996-14#Text>
3. Cabinet of Ministers of Ukraine. (2018). Pro zatverdzhennia Osnovnykh zasad zdiisnennia vnutrishnoho kontroliu rozporiadnykamy biudzhetnykh koshtiv ta vnesennia zmin do postanovy Kabinetu Ministriv Ukrainy vid 28 veresnia 2011 r. № 1001 [On approval of the Basic Principles of internal control by Budget Fund Administrators and Amendments to the Resolution of the Cabinet of Ministers of Ukraine]. URL: <https://zakon.rada.gov.ua/laws/show/1062-2018-п#Text>
4. Cabinet of Ministers of Ukraine. (2011). Deiaki pytannia zdiisnennia vnutrishnoho audytu ta utvorennia pidrozdiliv vnutrishnoho audytu [Some issues of internal audit implementation and the formation of internal audit units]. URL: <https://zakon.rada.gov.ua/laws/show/1001-2011-п#Text>
5. Cabinet of Ministers of Ukraine. (2023). Deiaki pytannia oplyaty pratsi medychnykh, farmatsevtichnykh pratsivnykiv ta fakhivtsiv z reabilitatsii derzhavnykh ta komunalnykh zakladiv okhorony zdoroviac [Some issues of remuneration of employees of state and municipal healthcare institutions]. URL: <https://zakon.rada.gov.ua/laws/show/28-2023-%D0%BF#Text>
6. Financial Ministry of Ukraine. (2012). Pro zatverdzhennia Metodichnykh rekomendatsii z orhanizatsii vnutrishnoho kontroliu rozporiadnykamy biudzhetnykh koshtiv u svoikh zakladakh ta u pidvidomchykh biudzhetnykh ustanovakh [On approval of Methodological on the organization of internal control by budget funds managers in their institutions and in subordinate budget institutions]. URL: <https://zakon.rada.gov.ua/rada/show/v0995201-12#Text>
7. International Organization of Supreme Audit Institutions. (2019). The International Standards of Supreme Audit Institutions. DOI: https://www.theiia.org/globalassets/site/standards/editable-versions/globalinternalauditstandards_2024january9_editable.pdf
8. Kravchenko Yu.P.(2020). Vnutrishnii kontrol – atrybut efektyvnoho upravlinnia biudzhetnoiu ustanovoiu Derzhavnoi sluzhby Ukrainy z nadzvychainykh sytuatsii [Internal control – an attribute of effective budgetary institution's management]. *Naukovyi visnyk: Derzhavne upravlinnia – Scientific Bulletin: Public Administration*, vol. 3(5), pp. 101–109. DOI: <https://nvdu.undicz.org.ua/index.php/nvdu/article/view/98/89>
9. Melnyk T. H., Mykhalska O. L., Travinska S. I., Feshchenko Ye. A. (2024). Stan ta perspektyvy rozvytku systemy vnutrishnoho finansovoho kontroliu v biudzhetnykh ustanovakh [State and prospects of development of the internal financial control system in budgetary institutions]. *Visnyk – Bulletin*, vol. 1(224), pp. 63–74. DOI: <https://journals.indexcopernicus.com/api/file/viewByFileId/2295236>
10. Pasichnyk V. M. (2023). Derzhavnyi finansovy kontrol yak chynnyk zabezpechennia natsionalnokh bezpeky Ukrainy [State financial control as a factor in ensuring the national security of Ukraine]. *Publichne upravlinnia ta mytne administruvannia – Public administration and customs administration*, vol. 3(38), pp. 107–113. DOI: <http://customs-admin.umsf.in.ua/archive/2023/3/16.pdf>

СПИСОК ВИКОРИСТАНИХ ДЖЕРЕЛ:

1. Бюджетний кодекс України: Закон України від 08.07.2010 року № 2456-VI. URL: <https://zakon.rada.gov.ua/laws/show/2456-17#Text>
2. Про бухгалтерський облік та фінансову звітність в Україні : Закон України від 16 липня 1999 року № 996-XIV. URL: <https://zakon.rada.gov.ua/laws/show/996-14#Text>
3. Про затвердження Основних засад здійснення внутрішнього контролю розпорядниками бюджетних коштів та внесення змін до постанови Кабінету Міністрів України від 28 вересня 2011 р. № 1001: Постанова Кабінету

Міністрів України від 12.12.2018 року № 1062. URL: <https://zakon.rada.gov.ua/laws/show/1062-2018-%D0%BF#Text>

4. Деякі питання здійснення внутрішнього аудиту та утворення підрозділів внутрішнього аудиту: Постанова Кабінету Міністрів України від 28.09.2011 року № 1001. URL: <https://zakon.rada.gov.ua/laws/show/1001-2011-%D0%BF#Text>

5. Деякі питання оплати праці медичних, фармацевтичних працівників та фахівців з реабілітації державних та комунальних закладів охорони здоров'я: Постанова Кабінету Міністрів України від 13.01.2023 р. № 28. URL: <https://zakon.rada.gov.ua/laws/show/28-2023-%D0%BF#Text>

6. Про затвердження Методичних рекомендацій з організації внутрішнього контролю розпорядниками бюджетних коштів у своїх закладах та у підвідомчих бюджетних установах: Наказ Міністерства фінансів України від 14.09.2012 р. № 995. URL: <https://zakon.rada.gov.ua/rada/show/v0995201-12#Text>

7. Міжнародні стандарти професійної практики внутрішнього аудиту (стандарти). URL: <https://www.intosai.org/documents/open-access.html>

8. Кравченко Ю. П. Внутрішній контроль – атрибут ефективного управління бюджетною установою Державної служби України з надзвичайних ситуацій. *Науковий вісник: Державне управління*. 2020. № 3 (5). С. 101–109. DOI: <https://nvdu.undicz.org.ua/index.php/nvdu/article/view/98/89>

9. Мельник Т. Г., Михальська О. Л., Травінська С. І., Феценко Є. А. Стан та перспективи розвитку системи внутрішнього фінансового контролю в бюджетних установах. *Вісник*. 2024. № 1 (224). С. 63–74. DOI: <https://journals.indexcopernicus.com/api/file/viewByFileId/2295236>

10. Пасічник В. М. Державний фінансовий контроль як чинник забезпечення національної безпеки України. *Публічне управління та митне адміністрування*. 2023. № 3 (38) С. 107–113. DOI: <http://customs-admin.umsf.in.ua/archive/2023/3/16.pdf>