Government Entity:		Date of assessment:	
Area of assessment:	Human Resources and Payroll	Author(s):	

I	II	III	IV
Evaluation Criteria/Questions	Observations & Assessment	Reference	Issue/Risk Indicator (Yes/No/Maybe)
1. Human Resources **1.1 Policies and Procedures** ▪ Obtain copies of the human resource policies and procedures and determine: - They are complete in addressing compliance with ethical standards, use of government assets, compliance with anti-corruption laws, procedures for grievance, forms to be used by employees, advances, travel and entertainment, leave and sick time, benefits, evaluations (salary increases) and process for reporting fraud, including whistle blower protection - They apply to all entities under review - They include time and attendance policies			
1.2 Monitoring Tools ▪ Obtain an understanding of the monitoring tools used by the entity to manage the human resources process (e.g.: turnover ratio, resource allocation, efficiency and effectiveness, job satisfaction, etc.) and determine: - The entity has an effective process to manage resources - There are sufficient and qualified employees to carry out their work - Time allocated by employees is tracked by project - The names of approved employees are verified annually			
1.3 Competitive and Appropriate Hiring Practices ▪ Obtain a listing of recently hired employees and contractors since the new government/administration, minister, or entity official was elected. ▪ Make a sample selection of newly hired employees and contractors. Then, obtain supporting documentation from the human resources department (e.g. hiring file, resume or curriculum vitae (CV), review committee, etc.) and determine that: - Employees/contractors were hired using competitive procedures and job descriptions were used			

- Personnel/contractors hired had the proper qualifications and experience and were not hired due to favoritism - Approvals for hiring employees/contractors were documented in writing - Ministry officials did not influence the hiring process (e.g. officials had discretion to determine hiring without any competitive process) - Salaries of hired employees/contractors are equitable compared to similar personnel working for the entity - Entity has a salary scale or policy that addresses salaries and salary increases.			
1.4 Training Practices ▪ Review the entity's strategy to develop train employees based on their job requirements and across all relevant PFM areas (procurement, budgeting, etc.): - Review the type of ongoing training that is provided to address any employee weaknesses - Review all trainings that are provided for all employees during the year - Determine that the entity allocates a certain portion of the budget to train employees - Determine the impact of any lack of training and develop recommendations to mitigate any risk.			
2 Payroll **2.1 Policies and Procedures:** ▪ Obtain an understanding of policies, procedures and controls governing payroll, including: - Who is responsible for processing payroll? - Is payroll processed locally or centralized at the national level? - How are employees paid (manually, electronically, etc.)? - Controls over timeliness (records are recorded timely) - Accuracy (payroll records are recorded accurately in the accounting system) - Validity (payroll records and any changes thereto are approved)			
2.2 Payroll and Time Records ▪ Confirm that the payroll system is linked to the time and attendance system. Sample selections from the payroll for a period and determine that:			

- Records from payroll are reconciled to the time and attendance system every payroll period - Records are reviewed and approved - Payments were made to employees (e.g. employees signed off) - Confirm that the employees receiving payment had a personnel file from human resources and they are real employees (test to check for validity) - Time records have been signed off by employee (this could be a system control such as a fingerprint)			
2.3 Payroll Fraud Controls ▪ Review payroll controls intended to prevent fraud, waste, and abuse and assess their effectiveness. This should include: - Access controls and segregation of duties - Review of validity of employees shown on the payroll - Review of personnel records for employee showing rates of pay, sick leave, allowances, references, contracts, etc. - Maintaining the confidentiality of the records - Existence of time and attendance records (e.g. timesheets)			
2.4 Calculation of Payroll Payments ▪ Obtain the payroll records to test a sample of payment periods. Make sample selections of payments to employees, request supporting documentation and determine that: - Payroll was calculated accurately, including applicable deductions and/or taxes - Payroll calculation was reconciled to the time and attendance records and it is accurate - Payroll was recorded accurately and timely in the accounting system - Control totals per the payroll records are accurate (re-calculate to confirm accuracy) - Batch processing was used - Payroll was approved by a person with authority and independent from the payroll preparation - Payroll preparation, approval and payment are segregated functions - Employees are identified before receiving payment - There is confirmation that employees received their pay			

V. Risk Identification (Human Resources and Payroll)

Review information gathered above, utilizing column IV as an indicator and related assessment data in column II, to determine if findings pose an individual risk or a category of risks and identify below.

[Note: Risk identified below will need to be evaluated for probability and impact to arrive at an overall risk rating/classification of low, medium, high or critical. Also, mitigation measures/strategies will need to be determined consistent with the level of risk identified. These should be included in your Stage 2 Risk Assessment report.]

#	Risk Name	Risk Description
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