

The internal audit of wages case study: EPE SPA ALGER

التدقيق الداخلي للأجور دراسة حالة: EPE SPA ALGER

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Abstract: Internal payroll audit is a necessary risk management tool for human resources management; a complex and constantly evolving jurisdiction, so it cannot be controlled without an accurate means of monitoring. Globally framed by a set of regulatory supports, including laws and works practices, salary management is a key activity that can impact on the strategic objectives of the company. We will try, through this research work, to describe and organise the salary audit process in an Algerian economic institution (SPA ALGER), and to highlight its contribution to the improvement of internal procedures related to Wages. The study concluded that the internal control system related to Wages in the studied institution is characterised by strong points on the one hand and a set of insufficiencies and anomalies on the other hand, the latter requiring improvement and correction work.

Keywords: Internal audit; Internal audit standards; Wages; Legal provision.

ملخص: يعد التدقيق الداخلي للأجور أداة ضرورية لإدارة المخاطر في مجال إدارة الموارد البشرية، وهو مجال معقد ومتطور باستمرار، لذا لا يمكن التحكم فيه دون وسائل مراقبة دقيقة. وتعتبر إدارة الأجور، التي تخضع عالميا لمجموعة من الدعائم التنظيمية، بما في ذلك القوانين وممارسات العمل، نشاطا رئيسيا يمكن أن يؤثر على الأهداف الاستراتيجية للشركة. سنحاول، من خلال هذا البحث، وصف وتنظيم عملية مراجعة الرواتب في مؤسسة اقتصادية جزائرية (SPA ALGER)، وتسليط الضوء على مساهمتها في تحسين الإجراءات الداخلية المتعلقة بالرواتب. وخلصت الدراسة إلى أن نظام الرقابة الداخلية المتعلقة بالرواتب في المؤسسة المدروسة يتميز بنقاط قوة من ناحية، ومجموعة من أوجه القصور والشذوذ من ناحية أخرى، حيث تتطلب هذه الأخيرة أعمال تحسين وتصحيح.

كلمات مفتاحية: التدقيق الداخلي، معايير التدقيق الداخلي، الأجور، اللوائح التنظيمية.

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1. INTRODUCTION

The complex entrepreneurial environment, economic and technological changes, and the multitude of activities and functions that the company must expertly assume, require the company to have a firm grip on its strategic lines of business externally, and a mastery of the internal management processes that lead to the achievement of the objectives that make up its global strategy. Several managerial techniques and tools can be exploited in this sense to dominate its processes and generate a certain added value enabling it to exercise continuity with rigor and efficiency, which requires the existence of control practices within the company with a view to measuring both performance and the development of activities.

Nowadays, internal auditing is one of the essential tools for mastering corporate control systems; an activity that can provide advice on improving and organizing management processes in all company activities.

Human resources management, or personnel administration, from which the payroll function derives, is one of the pilot activities that merits rigorous and attentive management within the company. This is a sensitive function, extremely impacted by the problems of social management within the company, where the manager is confronted with a legislative and regulatory environment that must be applied with rigor and respect.

The importance of the working relationship between employee and employer is a key factor in the life and development of a company, given that the success of any corporate social strategy depends on the nature and quality of human relations on the one hand, and on the degree to which the shared interests of both parties are managed throughout the entity's life cycle on the other. This cannot be achieved without the implementation of a control system comprising a number of management and human skills tools capable of applying regulatory and administrative provisions and practices (labor law, company agreements and conventions, work standards and internal management procedures, ministerial instructions and directives, organization charts, etc.) with the aim of ensuring general fairness, and an adequate managerial climate in compliance with the laws in force. This is what makes internal auditing of human resources management missions necessary to test the reliability of the processes and practices applied, particularly as the HR department is expected to comply with legislation on safety and labor law, as well as the tax system in force.

With this in mind, in this work we will be supporting internal auditing as an essential control tool, studying its concepts and tools, and attempting to expose its

importance in the search for operational dysfunctions that may exist in the salary management function in the Algerian context, particularly as Wages are of great importance in the social life of the Algerian employee.

On the basis of the above, our problem is as follows:

How is an internal audit of Wages carried out within an Algerian public sector company?

In order to answer this question, we will subdivide this work as follows:

- 1-Generalities on internal audit;
- 2-The regulatory and legislative framework governing Wages in Algeria;
- 3-Audit of Wages within the public economic company SPA ALGER.

The importance of the study: the importance of this study stems firstly from the damage that can be caused by anomalies due to weaknesses in the internal control system for the management of monthly Wages, from a legislative and penal point of view, and from the point of view of employees, as the element that most influences the employment relationship, and secondly from the attention that the company pays to controlling its payroll costs, and also with the overall aim of optimizing payroll processes in general.

Objectives of the study: this study aims to support the importance of internal audit in creating added value for all company activities, to reveal the contribution of internal audit as a management and control tool for the payroll management function, and to illustrate its approach to detecting process management failures with a view to optimizing them in due course.

2. General information on internal auditing

In what follows, we will define internal auditing and its purpose, outline its historical development, its types, the standards relating to the internal auditing profession and finally, we will outline the process of an internal audit assignment within a company.

2.1 Definitions, objectives and role of internal auditing

Among the definitions that have been given to internal auditing are the following:

Definition 01: In June 1999, the IIA defined internal auditing as follows: "Internal auditing is a consulting function, exercised with independence and objectivity. Its purpose is to add value and improve an organization's operations. It helps to achieve objectives through a systematic and reasoned approach to assessing and improving risk management, control systems and management methods". (Khelassi, 2013, p. 67)

Definition 02: "Internal auditing is an independent and objective activity which provides assurance to an organization about the degree of control over its

operations, advises on how to improve them, and contributes to the creation of added value. It helps the organization to achieve its objectives by evaluating, through a systematic and methodical approach, its risk management, control and corporate governance processes and by making proposals to strengthen its effectiveness". (Renard, 2010, p. 73)

In the light of the above, we can identify the main characteristics of the internal audit activity:

It is independent;

- It is objective;
- It is an insurance and consulting business.

The purpose of internal auditing is to:

- Evaluate the internal control system;
- Evaluate risk management and corporate governance processes;
- Strengthen the effectiveness of the various processes through recommendations.

The role of the internal auditor is to verify the accuracy of the information and the reliability of the operational, accounting and financial processes provided to the company's management. Based on the audit's outputs, i.e., the recommendations contained in its reports, management can define new objectives or adopt new working methods. They expect the audit to add value by offering advice, anticipating risks and understanding the strategic issues facing the company.(BOUHADIDA, 2017, p. 18)

2.2Historical development of internal auditing

The table below summarizes the stages in the evolution of internal auditing and its definition at each stage:

Table 1. Historical development of internal auditing

Period	Historical development of internal auditing
1947	- Issuance of the first list of internal audit responsibilities by the Institute of Internal Auditors (IIA);
1957	- Issue of the first amending list of internal audit responsibilities;
1964	- Approval of an internal audit guide; - Internal audit is a continuous examination of the company's affairs and records by specialized personnel; - The scope and objectives of internal auditing are different.
1974	- Committees have been formed to study and propose an integrated framework of professional performance standards for internal auditing;
1977	Report on the results of committee work;
1978	- Final approval of these standards at the 37th International Conference in Saint-Francisco;
1996	- IIA publishes a guide to the ethics of the internal audit profession;
1999	- The IIA has drawn up a new guide defining internal auditing as an

	independent, qualitative, consultative and objective activity within the organization, the purpose of which is to control, improve and achieve the organization's objectives by means of procedures;
2001	A new guide to the practice of the internal audit profession has been written to create a systematic and methodical approach which allows the evaluation and improvement of the effectiveness of risk management and monitoring operations.

Source: (عزوز, 2017, p. 274)

2.3 Types of internal audit

There are several types of internal audit, so we distinguish between: (SEDAIRIA, 2012, pp. 34-37)

2.3.1. Financial audit: this applies to internal control elements that may affect the quality of accounting information through the safeguards applied to the preservation of company assets and transactions.

2.3.2. Operational audit: This is used to assess the efficiency and performance of the information and organization systems in place. It concerns:

- **Functional audit:** the aim is to ensure that the company's various functions (Purchasing, Production, Sales, Investment, Personnel, etc.) provide sufficient security and are carried out efficiently.
- **Operations audit:** the aim is to ensure that procedures are followed across all functions.

2.3.3. Strategic auditing: this enables managers to make strategic choices, monitor performance and make any necessary adjustments.

2.3.4. Legal audit: a check on the regularity of legal procedures and the effectiveness of legal choices.

2.3.5. Tax audit: this is an examination of the company's handling of tax issues.

2.4 Internal auditing standards

Internal auditing is a standardized profession, based on: (SCHICK, 2007, pp. 9-10)

2.4.1. A code of ethics: this specifies the values to be respected by auditors in the performance of their work, and is based on four fundamental principles relevant to the "ethical" practice of internal auditing:

- **Integrity** as the basis of trust and the credibility of the auditor's judgment;
- **Objectivity**, which enables the auditor to assess fairly all the relevant factors examined in relation to the audited area and not to allow his or her judgment to be influenced;
- **Confidentiality** concerning information received and its disclosure;
- **Competence** required to carry out audit work.

2.4.2. Standards for professional practice: which constitute minimum requirements, they are subdivided into:

- **Qualification standards (1000 series)** which are subdivided as follows:
 - 1000 Mission, powers and responsibilities
 - 1100 Independence and objectivity
 - 1200 Competence and conscientiousness
 - 1300 Quality assurance and improvement programs
- **Operating standards (2000 series)** what they do :
 - 2000 Internal audit management
 - 2100 Nature of work
 - 2200 Mission planning
 - 2300 Completion of assignments
 - 2400 Communication of results
 - 2500 Progress monitoring
 - 2600 Acceptance of risks by management
- **Implementation standards** for assurance and advisory services provided by each national institute, including IFACI, to its members.

2.5 Internal audit tools

We distinguish three types of tools: (Souei, 2021)

2.5.1. Description tools

- **Narration:** this technique consists of describing the current procedure in written form, summarizing all the information gathered on the procedure under study.
- **Circulation diagram:** this diagram shows the circulation of documents and information between the various functions and responsibility centers, indicating their origin and destination, and thus providing a complete overview of the flow of information and its media.
- **Task analysis grid:** this is a snapshot of the division of labor at a given moment in time, enabling us to detect any breaches of task segregation.
- **Physical observation:** Physical observation is the observation of the instantaneous reality of the existence and operation of a process, asset, transaction or value at each stage of the audit.
- **Functional organization chart:** This is drawn up by the auditor, if he or she deems it necessary, in order to gain a clearer understanding of the situation. Its characteristic feature is that the words in the boxes are not nouns but verbs designating functions.

2.5.2 Assessment tools

- **Questionnaires:** we distinguish between awareness questionnaires and internal control questionnaires;

- The awareness questionnaire is mainly used during the "awareness" phase of the assignment. It is used to gather the information the auditor needs to know.
- The internal control questionnaire is a list of questions to which the auditor answers YES or NO (or not applicable) in order to make a diagnosis simply by reading the answers.

- **The table of apparent strengths and weaknesses:** summarizes the actual and potential weaknesses of the themes analyzed.

- **FRAPs (Feuille de Révélation et d'Analyse de Problème - Problem Revelation and Analysis Sheets):** any dysfunction will be formulated in the form of a FRAP: which must contain:

- The problem (which summarizes the malfunction observed);
- The facts (which prove it);
- The causes (which explain it);
- The consequences (which it entails);
- Recommendations (to resolve it).

2.5.3 Questioning tools

- **Interviews:** this is an information-gathering technique that allows for explanation and commentary, and thus adds value to information-gathering and provides elements of analysis and judgment.
- **Surveys:** consist of taking a sample from a population of individuals, examining it meticulously, and drawing a conclusion about the whole population.
- **Verifications, reconciliations and miscellaneous:** this covers all verifications and reconciliations, as well as confirmation by third parties.
- **Computer file interrogation:** this is a technique which consists of extracting and processing existing information on the company's electronic media.

3. The regulatory and legislative framework for wages in Algeria

Labor relations and remuneration in Algeria are governed by Labor Law No. 90-11 of April 21, 1990, as amended and supplemented;

3.1 Wage definitions

Wages are defined as follows:

- **Article 1** of the ILO Convention of 1949 concerning the protection of wages stipulates: "The term wages means, irrespective of denomination or method of calculation, the remuneration or earnings capable of being assessed in cash and fixed by agreement or by national legislation, which are due under a contract for the hire of services, whether written or verbal, by an employer

to a worker, either for work done or to be done, or for services rendered or to be rendered".

- **Article 80 of Law 90-11 of April 21, 1990 on labor relations, as amended and supplemented**, stipulates: "In return for the work performed, the worker is entitled to remuneration under which he receives a wage or income proportional to the results of the work".

3.2 Components of the monthly wage

In addition to the basic wage, the monthly wage is made up of a set of regulatory components in accordance with the provisions of the following articles:

- **Article 81 of the same law**, salary means:
 - "The basic salary as it results from the professional classification of the employing organization,
 - Allowances paid on account of the worker's seniority, overtime worked or special working conditions, in particular shift work, nuisance and on-call work, including night work and zone allowances,
 - bonuses linked to productivity and work results";
- **Article 83 of law 90-11**: "Reimbursements of expenses are paid in respect of particular hardships imposed by the employer on the employee (commissioned missions, use of personal vehicle for service and similar hardships)".

3.3 Regulatory requirements

These are;

- Remuneration is expressed in exclusively monetary terms and is paid by exclusively monetary means;
- The amount of the remuneration and that of all its components appear, by name, in the periodic pay slip drawn up by the employer, with the exception of certain expenses, such as those linked to reimbursements;
- Compliance with the national guaranteed minimum wage (SNMG), set by decree;
- All companies must respect a number of elements which may constitute absolute rights for employees, such as compliance with the industry's minimum professional wage, payment of overtime in excess of normal working hours, payment of shift allowances and bonuses set by regulation or agreement, and reimbursements for compensation, travel and arduous and dangerous work.

3.4 Role and importance of wages

The importance of wages is unquestionable in that they are: (BATTACHE,

2019, pp. 39-41)

- The main source of income;
- Contributes to improving quality of life;
- A tool for retaining workers;
- A means of valorization;
- Plays a major role in the economy;
- A dynamize of activity;
- The first condition of work;
- Contributes to job creation;
- A source of tax revenue;
- Contributes to the reduction of public aid;
- Influences social climate;
- Favors improved productivity;
- A major loyalty-building tool;
- Salary can have an impact on quality of life even outside work;
- Salary is often used to determine possible levels of compensation;
- Compensation is the cornerstone of a company's human resources management.

3.5 Algerian legislation governing wages

Several legislative sources form the basis of the regulatory framework for wages in Algeria, modified and supplemented by a number of texts:

- Algerian regulations also derive their principles from international labor conventions such as the ILO Equal Remuneration Convention (No. 100), which establishes the principle of equal remuneration for male and female workers.
- Article 28 of the Algerian Constitution of February 23, 1989 stipulates that: "Citizens are equal before the law, without discrimination on grounds of birth, race, sex, opinion or any other personal or social condition or circumstance".
- Law no. 16-01 of March 6, 2016 revising the Constitution stipulates in Article 36: "The State works to promote parity between men and women in the job market".
- Law no. 16-01 of March 6, 2016 revising the Constitution stipulates in Article 36: "The State works to promote parity between men and women in the job market".
- Principle of equal pay for women and men: in accordance with Article 17 of Law no. 90-11; Any provision under a collective agreement or contract of employment of a nature to establish any discrimination between workers in terms of employment, remuneration or working

conditions, based on age, sex, social or marital status, family ties, political beliefs, membership or not, of a trade union, is null and void.

- It should be noted that, in compliance with article 84 of the aforementioned labor law, "all employers are required to ensure equal pay for work of equal value, without any discrimination between workers".
- Proportionality of wages to the results of work: In return for work performed, the worker is entitled to remuneration in the form of a wage or income proportional to the results of the work, in accordance with article 80 of law no. 90-11.

3.6 Supervision of Wages by collective agreements or collective agreements

According to article 114 of the aforementioned law 90-11, and with reference to ordinance 96-21: a collective agreement is a written agreement covering all employment and working conditions for one or more professional categories;

A collective agreement is a written agreement dealing with one or more specific aspects of employment and working conditions for one or more socio-professional categories within this group. It may constitute an amendment to the collective agreement;

Collective agreements are concluded within the same employer organization, between the employer and employee union representatives.

The content of collective agreements is set out in article 120 of the aforementioned labor law, as follows:

- Occupational classification;
- Work standards, including working hours and their distribution;
- The corresponding basic minimum wage;
 - Allowances linked to seniority, overtime or working conditions, including zone allowances;
- Productivity and performance-related bonuses;
- Performance-related pay for the categories of workers concerned;
- Reimbursement of expenses incurred;
- Trial period and notice period;
- Effective working hours for jobs with heavy demands or periods of inactivity;
- Special absences;
- Conciliation procedures in the event of collective labor disputes;
- Minimum service during strikes;
- Exercise of union rights;
- Duration of the agreement and procedures for renewal, revision or termination.

3.7 Payroll audit

Wages and Wages are considered to be among the most important operating expenses, so the wage and salary audit is used at company level to check the accuracy of the wages and Wages paid monthly, the expenses recorded, the payments of the company's wage and salary commitments in general, and the control of regulatory aspects.

Thus, the non-exhaustive purpose of the wage verification program is to (DRISSI, 2017, pp. 114-123)

- Check the validity of wages and ensure that wages booked are sufficiently justified,
- Check that the figures entered on the monthly payroll statements are consistent with those entered in the accounts;
- Check the arithmetic calculations of these payroll statements;
- Ensure that all security measures are taken in all payroll preparation and payment operations.
- Verify the existence of company personnel files;

The compliance audit then consists of ensuring that social data and information are reliable and accurate, and that the HR department complies with workplace safety and labor laws. Compliance applies in terms of the country's social law, but also in terms of the company's internal principles and requirements (procedures, instructions and directives from general management, etc...) (DRISSI, 2017, p. 3)

4. The wage audit approach at EPE SPA ALGER

In order to enrich our theoretical work, set out above, we thought it would be useful to project it into the field. To do this, we chose to focus on a public economic enterprise located in Algiers, operating in the industrial sector, employing over one hundred and fifty (150) people, whose main activity is the production and distribution of food products. We had a meeting with the head of finance and accounting, under the supervision of the company's general manager, who agreed to our participation in the payroll audit mission for the 2021 financial year, running from January 01, 2021 to June 30, 2021, which we attended over a period of one month, enabling us to identify the issues raised at the start of our study (for reasons of confidentiality of the audit carried out, we limit ourselves in what follows to setting out the results obtained without quoting the full name of the company).

4.1 Presentation of the best company

The data sheet for the company we studied is as follows:

Table 2. Host company data sheet

Company name	EPE SPA ALGER
Head office	ALGIERS

Share capital	2.000.000.00 DA
Sector of activity	Industrial
Company activity	Production and distribution of food products
Number of employees	150

Source: Produced by us from internal company documents

- **As well as its organizational chart is made up of:**

- Executive management;
- Administration and Finance Department: including an accounting and finance department, and a personnel administration department;
- Supply Department;
- Production and maintenance management;
- Sales and distribution management ;

- **Personnel management tools:** several regulatory supports are implemented for personnel management, which we cite as follows:

- Law 90-11, of April 11, 1990, relating to labor relations, modified and supplemented;
- A company collective agreement registered at the work inspection level;
- Collective agreements modifying and supplementing the company collective agreement;
- Internal regulations of the company, recorded at the work inspection level.

- **Internal audit in the company studied:** internal audit is entrusted to a small audit unit, made up of two executives, one of whom is responsible for the missions and the other is an executive responsible for audit missions. Internal audit missions at the company level take place in accordance with the instructions of general management twice a year, once for each half-year, with a review of all the company's activities, after which an end report mission statement for each activity is produced separately with determination of anomalies accompanied by the necessary recommendations. Other missions are carried out at the request of the accounting department, and when detecting discrepancies in the accounting processing of data transmitted to the department, generally to limit fraud.

The tools used by the company are maintenance, observation, process evaluation and on-site parts verification.

4.2 Evaluation of internal control system relating to personnel

For the conduct of our audit mission within EPE SPA ALGER, we drew inspiration from several sources in general, and practically from the internal audit

approach applied at the level of the said company. In this sense, we have opted for the separation of tasks grid as well as the internal control questionnaire to carry out our salary audit mission, which has the objective: “The detection of weaknesses in the processing process and management of Wages. Wages during a limited period, namely the month of August 2021”. The results obtained are presented in the tables below:

Table 3. Segregation of duties grid

Functions	General Manager	Director of administration and finance	Accounting department	The cashier	Payroll manager
1-Approval of personnel additions and departures		X			
2-Setting compensation levels.	X	X			
3-Bonus allocation	X	X			
4-Approval of hours worked					X
5-Payroll preparation					X
6-Checking calculations					X
7-Final payroll approval after preparation	X	X			
8-Payroll envelope preparation					X
9-Distribution of payroll envelopes					X
10-Signing of pay cheques	X	X			
11-Bank reconciliation for payroll account			X	X	
12-Payroll centralization			X		X
13-Calculating employer contributions and charges					X
14-Controlling employer contributions and charges			X	X	X
15-Keeping and filing individual personnel files					X
16-Periodic comparison of payroll journal with individual files	0	0	0	0	0
17-Granting down payments or advances		X		X	

Source: Based on internal control interviews conducted at EPE SPA ALGER.

Table 4. Ensure that all personnel costs and revenues are recorded (completeness)

Questions	Yes	No	Comments
1-Are Wages paid into a separate bank account?	X		By the caisse manager
If so, is this account regularly audited by a person independent of payroll?	X		
2- Is there a list of:		X	The lists are drawn up by the payroll manager,

a) The various deductions to be made from wages (social security schemes)?		X	There is no official list;
b) Bonuses and benefits granted to staff? If so, do these lists specify the payment frequency?		X	
Are they used to set aside provisions for the corresponding expenses?		X	
3-Are social security contributions paid on time and on schedule?	X		
4-Are the various charges reconciled with the bases on a regular basis?		X	
5-Is the salary journal total reconciled with the previous month's total, and the discrepancy explained?	X		By the accounting department
6-Is it ensured that all changes to permanent payroll data are entered?	X		
7-Information required to calculate remaining paid leave: a. For the previous period b. On the current period c. Is this information kept by the payroll department?	X		
8-Does the payroll department have the means to check? a) That it is informed of all absences? b) That all absences are reflected in wages?		X	

Source: Based on internal control interviews conducted at EPE SPA ALGER

Table 5. Ensure that personnel expenses and income are real

Questions	Yes	No	Comments
1- Is there a personnel file containing, for each employee? a) Photo? b) Specimen signature? c) Marital status? d) Date of employment? e) Details of remuneration and deductions to be made? f) Employment contract? g) Pensions and allowances due?	X X X X X X X	X	Signature Specimen: no Family situation not up to date
2- Are the following operations subject to authorization by a manager: a) Hiring?	X		

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b) Dismissal?	X		
c) Salary changes?	X		
d) Loan granting?	X		
3- Are employees registered with the national social security fund (CNAS)?	X		
4- Are permanent payroll data regularly reconciled with the individual file?		X	only when creating the first payslip
5- Access to the personnel file is protected		X	
6- Are changes to the payroll file:			entry is made directly by the payroll officer
a) Identified?		X	
b) Approved by a responsible person?		X	
7- Is variable data, such as overtime, commission, etc., approved by a manager before payment?		X	entry is made directly by the payroll officer, there is no formal procedure
8-Is the total number of hours paid reconciled with the total number of hours worked?		X	
9-Are accounts for advances, loans, etc. regularly:			they are reconciled with the accounting department at year-end
a) Confirmed with beneficiaries?		X	
b) reconciled with the personnel list?	X		
10-When wages are paid in cash:			
a) Is the identity of the payee verified?	X		
b) Are unclaimed wages subject to special controls?	X		
11-When wages are paid by bank transfer, is a bank statement required for any change in bank details?	X		
12-If Wages are paid to third parties other than the employee, is a written power of attorney required?	X		

Source: Based on internal control interviews conducted at EPE SPA ALGER

Table 6. Ensure that personnel expenses and income are correctly valued

Questions	Yes	No	Comments
1-Are pay slips independently checked, at least by sampling, to ensure that the bases and rates used are correct, as are the calculations?		X	
2- Are payroll-related expenses periodically reconciled with the bases?	X		
3- Are sales used as a basis for commissions reconciled with book sales?	X		
4- Are provisions for accrued payroll expenses reconciled with actual expenses?	X		According to annual forecasts

Source: Based on internal control interviews conducted at EPE SPA ALGER

Table 7. Ensure that personnel expenses and income are correctly allocated, totalled and centralized

Questions	Yes	No	Comments
1- Was the allocation of payroll income and expense entries independently audited?	X		
2- Does this check cover allocations in: a) General accounting? b) Cost accounting?	X	X	
3- Is the payroll journal total periodically checked?	X		
4- Are the following books kept up to date a) Initialed and listed payroll book? b) Entry and exit book? c) Foreign labor book?	X X	X	Existing ledgers are signed and initialed Payroll book not up to date

Source: Based on internal control interviews conducted at EPE SPA ALGER

4.3 Salary audit report

After our evaluation of the internal control system relating to the “salary management” function, we have identified the strengths and weaknesses, as well as the errors which can generate significant malfunctions, which we will present below:

Table 8. Strengths and weaknesses of the company's CI system

Strengths	weaknesses
- The company has an organization chart, a collective bargaining agreement and collective agreements registered with the labour inspectorate; - The company has internal regulations; - Wages, remuneration and advances are set by authorized managers; - All employees are affiliated to CNAS; - Monthly payrolls are approved and transfers and cheques signed by authorized managers; - Payment operations are controlled; - Salary account transactions are monitored; - Social security contributions are paid on time;	- The principle of separation of duties and responsibilities is partially respected; - Time management is not well mastered; - Payroll preparation and control are carried out by the same single payroll officer; - The contents of personnel files are not reconciled with the payroll journal; - There is no clear procedure for checking social security deductions; - There are no procedures for checking variable payroll items; - Files exist, but are not up to date; - Access to the personnel file is not protected; - Periodic checks of pay slip contents are not carried out;

- Contributions are calculated by the payroll officer, and checked by the accounting and cash departments.	- There is no procedure for paying overtime.
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Source: Based on internal control interviews conducted at EPE SPA ALGER

At the end of this mission, we will say that we have achieved the objective defined during the realization of the applied study, or we were able through the salary audit mission within the EPE SPA ALGER of identify the strengths and weaknesses of the internal control system relating to Wages and make recommendations to correct errors and avoid possible risks.

5. CONCLUSION

Calling to honor its economic, social and financial responsibilities; every company ensures both the achievement of its objectives and the retention of talents who contribute to the achievement of its strategic goals, ensuring them a feeling of satisfaction while respecting the principles of fairness laid down by law. This constitutes an important responsibility that falls on the backs of human resources managers and business accountants. Paradoxically, the company must also control its salary costs for good financial and social balance. This is what provides the fundamental aspect to the internal audit function which helps detect possible risks and failures that may arise during the process of salary processing operations, such as the payroll paid, social and peripheral contributions which weigh strongly on all operating costs, and which constitute a heavy component that the company must control in order to control long-term risks. This is an important aspect in mastering human resources management.

In general, the results of this audit are as follows:

- The organizational aspect of the company is in compliance with the regulations, given that the company has a collective agreement and collective agreements declared at the work inspection level, which represents a positive point.
- Salary management is in compliance with regulations; however, the procedures are not all formalized, and control practices are not well mastered.

We therefore consider it useful to give some recommendations with a view to readjusting the anomalies noted:

- Update the company organization chart, with a determination of the tasks and responsibilities of each department and agent;
- Implement salary management policies in the form of formal work procedures to simplify missions and facilitate internal control;
- Automation of the timekeeping system to facilitate mastery of time management, and implement a more appropriate IT solution for processing personnel management and payroll;

- Ensure continuing training for its staff responsible for salary preparation, accounting and control.

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