Terms of Reference

Human Resources and Payroll Management

July 2025

**Background information**

These Terms of Reference (ToR) provide a general framework for **Human Resources and Payroll management** assurance assignments but should be tailored to each case’s specific needs and context for maximum relevance and effectiveness.

A Human Resources and Payroll Management Assurance Review evaluates the efficiency, accuracy, and compliance of HR and payroll processes to ensure smooth operations and regulatory adherence. Effective HR management supports workforce planning, employee engagement, and policy compliance, while payroll ensures accurate salary processing, tax deductions, and benefits administration.

**Objectives**

The objective of this assignment is for the Assurance Provider to:

* 1. Assess whether adequate structure and staff are in place to implement grant activities.
	2. Assess the adequacy and compliance of the human resources policies and procedures applicable to local laws and regulations including donor requirements.
	3. Assess whether terms of reference including job descriptions and job specifications exist for all staff, are properly documented, and communicated to ensure that every staff member has clarity on his/her role in the organization or function, and to ensure the most efficient utilization of human resources.
	4. To assess whether salary structures are aligned to local salaries and scales for comparable roles. Salaries should be set according to the grade of the role (while considering market rates) and the relevant compensation should consider the skills and experience of the staff member performing the role.
	5. To assess controls over payroll processes and management including ensuring adequate segregation of duties in preparation and payment of payroll, sufficient support documents are available, payroll costs are recorded timely in the accounting books, and regular reconciliations are performed.

**Scope of work**

Scope of work encompasses the following:

1. Assess the design and operating structure of the implementer’s human resources management system.
2. Assess the adequacy of human resources policy and procedures manuals.
3. Test the controls over payroll processes.

**Not covered by this ToR**

IT General Controls (ITGC) or General Computer Controls (GCC) are controls which relate to the environment that supports IT Applications. Obtaining assurance over the appropriateness and effectiveness of ITGC’s is out of scope for this ToR but rather subject to another specialized IT audit.

**Applicable Corporate Risk**

|  |  |
| --- | --- |
| **Grant-related Fraud & Fiduciary** | **Flow of Funds Arrangement** |
| **Internal Controls** |
| **Financial Fraud, Corruption & Theft** |
| **Value for Money - Financial Management** |
| Accounting & Financial Reporting by Countries | **Accounting & Financial Reporting** |
| Auditing Arrangements |

1. **Detailed Scope of work**

The scope of the review will cover the following areas:

1. Assess that the HR structure is adequate to implement grant activities, and the staffing component in terms of skills and experience is appropriate to perform the human resources-related activities of the grants.
2. Assess whether the implementer has sufficiently detailed human resources management policies and procedures that conform to applicable local laws and regulations including donor requirements.
3. Assess whether the terms of reference including job descriptions and job specifications exist for staff, are properly documented, and communicated to ensure that every staff member has clarity on his/her role in the organization or function, and to ensure the most efficient utilization of human resources.
4. Assess whether the employee salary structure is aligned to local salary scales for comparable roles. Salaries should be set according to the level of the role and should take into consideration the skills and experience of the staff member performing the role.
5. Assess that the controls over payroll processes and management are adequate and in line with the Implementer’s Policy manual (for example, ensuring adequate segregation of duties in preparation and payment of payroll, sufficient supporting documents exist, payroll costs are posted timely in the accounting books and regular reconciliations are performed and approved, etc.).
6. Verify that staff posts, job types and staff salaries are in line with the approved work-plan and budget, and that these are paid in accordance with the staff contracts, implementer’s internal policy, statutory and the Global Fund requirements.
7. Confirm that payments to external consultants are in line with their approved and signed contracts, that such contracts and consultants’ invoices are sufficiently detailed thus allowing identification of the nature and volume of service provided/billed and that payments are made only upon completion and acceptance of the service delivered.
8. Verify that allowances provided to staff and charged to the grant meet the established guidelines within the implementer’s budgeting framework and policies, and the [Global Fund Budgeting Guidelines](https://resources.theglobalfund.org/media/13989/cr_grant-budgeting-operational_guidance_en.pdf). Check and verify that all statutory deductions are performed, recorded, submitted to authorities and paid timely.
9. Assess the implementer’s performance management system.
10. Assess and ensure sufficient capacity building plans are in place.
11. Assess whether written policies and standards are in place relating to ethical behaviour (including guidance on “conflict of interest”, “related party transactions” and whistleblowing) and they are communicated and available to all staff members. Training provided on standards for ethical behaviour to all employees.
12. **Recommended procedures - Detailed approach and methodology.**

| **#** | **Objective** | **Recommended procedures**  |
| --- | --- | --- |
| 1 | Verify that adequate structure and staff are in place to perform the human resources related activities of grants. | PRs are expected to have appropriate organization structure that is appropriately resourced to implement grant activities to expected standards. 1. Obtain the organization’s organogram and assess for reasonableness and adequacy, as applicable.
2. Obtain the GF grant-specific organogram and assess for reasonableness, adequacy and relevance based on grant implementation plan.
3. For continuing PRs, compare approved organogram during grant making against the PR presented organogram during the assurance review. Note if any changes have been fully agreed to by The Global Fund as per the [Global Fund Budgeting Guidelines.](https://resources.theglobalfund.org/media/13989/cr_grant-budgeting-operational_guidance_en.pdf)
 |
| 2. | Assess whether the implementer has sufficiently detailed human resources management policies and procedures that conform to applicable local laws and regulations including [Global Fund Budgeting Guidelines](https://resources.theglobalfund.org/media/13989/cr_grant-budgeting-operational_guidance_en.pdf) | Obtain the PR human resources policy and procedures manual. Review the manual for:1. Compliance with local laws and regulations.
2. Completeness and comprehensiveness to address key HR management issues relating to recruitment, on-boarding, performance management and termination.
3. Assess systems in place for staff separation, including notice period, handover, and full & final settlements.
4. Assess policies and procedures for hiring, internal transfers, staff evaluation, promotion, and salary adjustments.
 |
| 3 | Assess whether terms of reference including job descriptions and job specifications exist for GF financed staff, properly documented, and communicated to ensure that every staff member is clear on his/her role in the organization or function and to ensure the most efficient utilization of human resources.  | 1. Obtain the PR policy for recruitment. Assess the policy to ensure it includes necessary provisions for fair and transparent recruitment practices.
2. Obtain and review terms of reference/ job descriptions for selected staff to assess whether they are appropriately developed, properly documented, approved and communicated, to ensure that an employee is clear on his/ her role on the grant.
3. Review staff qualifications against the assigned terms of reference.
4. Sample positions that were recently recruited, review the entire recruitment cycle from advertisements, shortlisting, interview panels composition, and interview notes to gauge adherence to the policy.
 |
| 4 | Assess whether employee salary structure is aligned to local salaries for comparable roles. Salaries should be set according to the level of the role and should take into consideration the skills and experience of the staff member performing the role.  | 1. Obtain salary scale for the implementer and compare against market rates for comparable positions within comparable organizations, as per available data.
2. Obtain employee contracts and review on a sample basis that offered salaries are within the approved scale.
3. Review approved salary levels for all GF grants and compare with the budgeted rates and market rates for comparable organizations.
4. Review that salary costs charged to grants are in line with approved budget.
5. Ensure all salary costs are budgeted and incurred in local currency (exceptions should be approved in writing by GF).
6. Check and validate that all statutory deductions are made, recorded, submitted to authorities and paid in a timely manner.
 |
| 5 | Assess controls over payroll processes and management – ensuring adequate segregation of duties in preparation and payment of payroll, sufficient supporting documents exist, payroll costs are timely posted in the accounting books and regular reconciliation is performed. | 1. Review procedures around maintenance of personnel files.
2. Review and confirm whether adequate segregation of duties exists in preparation and payment of payroll.
3. Review procedures to ensure that payroll is prepared based on appropriate supporting documents (e.g. contract, time sheets, and relevant laws and regulations) and should be approved by competent authority.
4. Review processes and procedures to ensure that payroll transactions are posted accurately and in the proper accounting period.
5. Review payroll payment reconciliations, including clear explanations for changes in gross pay between one month and another.
6. Review that payroll is prepared in the local currency for all staff (note any exceptions and approval from GF where applicable).
7. Verify that all statutory deductions are made accurately and remitted on a timely basis.
8. Ensure payroll amounts equal the relevant cash outflow and amounts posted in the GL.
9. Evaluate controls ensuring that the PR does not overcharge donors for staff working on a proportion of Level of Effort (LOE) basis.
 |
| 6 | Verify that allowances provided to staff and charged to the grant funds meet the GF guidelines provisions, in particular par.1.10 and 1.11 of the [Operational Guidance for Grant Budgeting](https://resources.theglobalfund.org/media/13989/cr_grant-budgeting-operational_guidance_en.pdf)  | As part of the review obtain the following documents:1. Obtain and review list of all allowances paid out of the grant funds and assess whether they qualify as per the Global Fund budgeting guidelines.
2. Review policies relating to allowances to ensure what is included within the GF grants conforms to the PR policies and practices.
 |
| 7 | Assess the implementer performance management system and staff capacity building plan. | 1. Review policies and practices for objective setting, performance evaluation and training
2. On a sample basis, review objectives, performance evaluation and ratings for selected staff.
3. Review staff training records.
 |
| 8 | Verify written policies and standards are in place, in respect of ethical behavior (including guidance on “conflict of interest”, “related party transactions” and whistleblowing) and they are communicated and available to all staff members. Training is provided on standards for ethical behavior to all employees. | 1. Obtain the implementer’s internal policy manual and review to ascertain the existence of conflict of interest, anti-fraud, and non-discrimination policies.
2. Interview a sample of staff to gauge their understanding of the stated policies around conflict of interest, anti-fraud, non-discrimination (i.e. Do and Don’ts) and reporting mechanism.
3. Review records of conflict-of-interest declaration for staff.
4. Obtain and review logs of all suspected and confirmed fraud cases.
5. Obtain a register/platform of all training offered at implementer and confirm whether conflict of interest, anti-fraud, non-discrimination policies were covered.
6. Validate the existence of online platforms at PR for staff to refer on conflict of interest, anti-fraud, non-discrimination policies.
7. Assess whether the implementer has in place a whistle blowing /reporting mechanism for unethical behaviour.
 |

1. **Required Deliverable/Output**

To document the outcomes of the review, the Assurance provider will prepare and submit a detailed report including:

* Overall objectives of the review as per approved TOR
* Entities covered by the assignment, period and sample under review as applicable
* Main findings against each of the specific areas of the review highlighting any identified gaps in policy, process, and controls – specific to each implementer covered by the review.
* List of recommendations and proposed practical improvements based on the findings from the assignment.

Complete the following table:

|  |  |  |  |
| --- | --- | --- | --- |
| **Findings** | **Non-Compliant Expenditure** | **Other proposed adjustments** | **Recommended Management Actions** |
|  |  |  |  |
|  |  |  |  |