

The Role of Internal Audit in Evaluating Human Resource Management: A Case Study of the Social Affairs Directorate at Sonatrach

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Abstract: This study aims to highlight and shed light on the role of internal auditing in evaluating human resource management through a field study at the Directorate of Social Affairs of Sonatrach. This was done using a descriptive and analytical approach in the theoretical aspect and a case study method to prepare the practical aspect of the study, where various documents, records, and information provided to us by the Internal Control Department and the Human Resources Department of the studied directorate were used.

The study concluded that internal auditing and human resources play a vital and highly important role, directly affecting the organization's performance and its ability to achieve its set goals, and that internal auditing has a significant role in evaluating human resource management by assessing its policies and procedures, ensuring they comply with local and international laws, identifying its strengths and weaknesses, and then providing recommendations to improve its operations and correct its mistakes through a written report submitted by the internal audit team upon completion of the task. Additionally, implementing the proposed recommendations will address deviations and problems specifically in human resource management and within the organization as a whole.

Keywords: Internal audit, human resources, human resource management, audit report, Directorate of Social Affairs.

Introduction:

The world has witnessed significant development in the political and social fields, particularly in the economic field. This economic development has affected the size of economic organizations, which have become characterized by their large size, the complexity of their constituent functions, and their interconnections. This situation has led to the emergence of the need for internal auditing, which is an internal evaluation and auditing process aimed at analyzing and assessing the efficiency and effectiveness

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of the organization's systems and operations. Human resources management is one of the main aspects that are focused on in internal audits, as it analyzes and audits policies and procedures related to this field to ensure compliance with standards and legislation.

It also evaluates the effectiveness of key processes such as employee recruitment and training and performance evaluation, and provides recommendations to improve these processes and increase their efficiency. Additionally, it helps identify and assess potential risks that may affect human resource management, contributing to the development of strategies to effectively address and prevent these risks. Ultimately, internal audit is considered a vital partner in developing and enhancing human resource management to achieve the organization's objectives efficiently and effectively.

1-Research Problem:

➤ What is the role of internal audit in the evaluation process of the human resources management at the Social Affairs Directorate of Sonatrach?

To answer this problem, the following sub-questions can be used:

- By meeting all the basic conditions and components of internal auditing, are organizations able to achieve their desired objectives?
- What is the importance of human resources and their management in an economic organization?
- Does the strategic economic organization represented by Sonatrach for the state of Algiers rely on a human resources management structure with its basic components? -Were there actual results that internal audit contributed to achieving based on this structure?

2- Study Hypotheses: The following hypotheses can be formulated based on the information provided:

- Internal auditing is an independent function within the organization aimed at examining and evaluating internal control and management systems, and providing suggestions and recommendations to help the organization achieve its goals efficiently and effectively.
- Human resources are the most important element and the effective driver for operating all the organization's resources. Their management encompasses all decisions and actions related to employee management, including development, training, recruitment, compensation, and motivation, to ensure they perform their tasks efficiently and effectively.
- Sonatrach is trying to adopt an effective structure for human resource management that helps it achieve its goals, and internal auditing is considered a regulatory tool of interest to it, due to its contributions in achieving results.

3- Study Objectives: This study aims to achieve the following objectives:

- Trying to define and clarify the various theoretical and practical aspects related to internal auditing and human resource management;
- Highlighting the importance of internal auditing and its role in evaluating human resource management and its direct relationship with the organization's performance and set objectives;
- Projecting the theoretical aspect onto the field reality by conducting an internship at the Social Affairs Directorate of Sonatrach.

4- Previous studies: To the best of our knowledge and within the limits of the information and references available to us on the research topic, there are some previous research studies, including the following:

- Study by Tudor Pendiuc (2009) titled: "Auditing the Management System within Public Institutions", Financial Auditing Journal, Issue 08, Romania.

This study aimed to provide a theoretical framework for auditing human resources in public institutions by reviewing and analyzing the relevant literature on this subject. It reached the following conclusions:

- Senior management should ensure the establishment of an efficient and effective process for auditing human resources in order to evaluate the strengths and weaknesses of the administration.
- Human resources auditing evaluates the efficiency and effectiveness of the organization, and thus the auditing process is considered an independent means to obtain objective evidence and facts to ensure the fulfillment of requirements.
- Human resources auditing is an activity to assess the degree of employee contribution to achieving organizational goals in order to improve the quality of human resource management.
- **Study by Bouchra Bakadir (2012) titled: "Audit of Human Resources and Performance of Maghreb Companies" ,PhD thesis, Faculty of Legal, Economic, and Social Sciences, Hassan II University - Casablanca, Morocco.**

The study aimed to shed light on the state of human resources auditing practices and their contribution to the performance of Maghreb companies. The quantitative method was used in this study, which was conducted on a sample of companies in the Maghreb region. Data was collected through questionnaires directed at human resources managers and relevant employees, and the following results were reached:

- Human resources auditing significantly contributes to improving organisational performance by providing indicators and figures that help in managing human resources effectively.
- The study showed that Maghreb companies have started increasingly adopting these practices to face environmental, social, and economic challenges.

-Study by Yazid Takrat, et al. (2019) titled: "The Impact of Human Resource Management Auditing on Enhancing Employee Performance in Algerian Economic Organisations - A Case Study of COGRAL SPA in Algiers," Human Resource Development Journal for Studies and Research, Issue 04, The Arab Democratic Center, Berlin.

The aim of this research was to demonstrate the impact of auditing human resource management on enhancing individual performance in Algerian economic organizations, and to attempt to apply the theoretical aspect of the study to reality through an exploratory study using the interview and questionnaire tools at the COGRAL SPA company in Algiers. Among the most important findings of this study are the following:

- The role of human resource management is effective in guiding and monitoring human resources within the organization, and in carrying out important activities such as recruitment, training, or development.
- The audit of the human resources management function in the organization is considered one of the practices that make these resources effective within the organization through their leadership and supervision. It is seen as a means to optimize the use of human resources in the organization, thereby improving their performance.
- The primary goal of human resources auditing is the continuous and periodic monitoring of the human resource.

Section One: Theoretical Framework

First: The concept of internal auditing in human resource management: Internal auditing for human resource management, or as some call it social auditing or individual auditing, has various interpretations, which can be summarised as follows:

The internal audit of human resource management is defined as: "a systematic review and analysis of human resource management functions to determine the extent to which practices align with human resource management policies, procedures, and strategies, and to provide a report on the results and recommendations to address negative deviations and identify strengths and efficiencies in the human resource management system." (Takrat, 2019, p80)

It is also defined as "a process applied to management, activities, and relationships of individuals and groups within the organization, as well as the latter's relationships with internal and external stakeholders. This process is systematic, independent, and documented, and it provides evidence for auditing and objective evaluation to determine the level of satisfaction with auditing standards." (Khalaf, 2018, p258)

It is also defined as: "A systematic and impartial technical examination and evaluation of information related to the social performance of i organizations, which can be distinguished from their economic activity; with the aim of verifying the truthfulness and fairness of the social reports in expressing information related to the extent of organizations' implementation of their social responsibility, and their contribution to the general welfare of society over a specific period, and preparing a report on the results of this examination and evaluation for the concerned parties within the community." (Ashmeela, 2014, p 140)

Through the previous definitions, we conclude that internal auditing of human resource management is an internal evaluation process of the human resource management policies and procedures within the organization, aimed at identifying gaps and improvements in human resource performance.

Secondly: Objectives of Internal Audit for Human Resources Management: The main objective of internal auditing for human resources management is to ensure that HR personnel and practitioners adhere to the policies, procedures, and instructions set forth by the human resources management. It also aims to: (Al-Dabbas, 2012, p 25-26)

- Identifying the degree of performance efficiency of the Human Resources Department and its effectiveness in implementing HR policies and practices within the organization;
- Defining human resources functions according to the practices and procedures in place within the organization;
- Measuring the HR management record for compliance with legal provisions related to employment, compensation, health and safety, and dispute resolution;
- Identifying areas where cost reductions can be achieved in human resources activities;
- Better auditing and monitoring of all internal processes in the organization;
- Creating a sense of responsibility and discipline and providing feedback to employees;
- Identifying gaps and shortcomings, violations, and deficiencies in the implementation of human resources management policies, procedures, practices, and instructions, and proposing corrective actions for them;
- Understanding the factors that pose a risk from non-implementation or incorrect implementation of the planned programs and activities.

Third: Requirements for Internal Audit of Human Resource Management: Internal auditing of human resources management helps organizations and continuously encourages them to supervise and improve their performance, and it is based on a set of requirements that can be summarized as follows: (Al-Rifai & Al-Khatib, 2012, p 352-353)

1- The existence of a system for accounting for social responsibility: This system aims to measure and communicate information related to the performance of the organization's human resources. In the absence of this requirement, it is inconceivable to conduct a social audit. The reason is that if there is no accounting system for social responsibility, how can there be a human resources audit?. The success of this type of audit largely depends on the nature of this measurement. The more quantitative or monetary the measurement, the more accurate it is. In the case of descriptive measurement, the accuracy will be lower, as the auditor will not be able to objectively express an opinion on the accuracy of the data and the extent of its change in the organization's human resources performance, unless it is expressed in monetary terms.

2- Availability of specific standards for human resources performance: These standards must be available in order for the auditor to provide an unbiased opinion. Therefore, a set of standards should be available for this purpose. The entities responsible for setting these standards are either the organization itself, the Chamber of Commerce and Industry, or scientific and professional associations in collaboration with university professors. In the absence of such standards, it becomes difficult for the human resources auditor to confirm the organization's contribution to its human performance.

3- The presence of competent individuals to conduct human resources audits: The task of auditing human resources should be carried out by a competent auditor who is independent and possesses social knowledge and understanding that the organization contributes to, in addition to a reasonable level of knowledge in the fields of economics, public health, environment, labour legislation, and environmental protection laws.

4- Management's conviction of the importance of auditing human resource management: The management's reaction should be positive towards the results of the human resource audit and the auditor's recommendations, especially regarding aspects that the management has not given sufficient attention to. If the management does not believe in and is not convinced of the social activity, it may lead to the complete cancellation of human activity, and vice versa.

Section Two: Empirical Framework

First: Presentation of the Social Affairs Directorate of Sonatrach: The Social Affairs Directorate of Sonatrach, located at 7 Rue Béchir El Ibrahimi, El Madania, Algiers, has gone through several stages, which we summarise as follows:

- On 31/12/1963: The National Company for Transport and Trade in Hydrocarbons was created, and at this event, there were no social work units within the company.
- In 1967, at the level of foreign or national oil companies looking to recover Sonatrach, the social services of these companies were organised, and the social services were managed by a joint committee representing the first UGTA federation and Sonatrach.
- Since that time, a social services unit was created, which replaced the external social services OSCIP, LOSPA, and became known as the Algerian petroleum social services.
- In 1999: By virtue of an agreement between the UGTA and the Ministry of Industry and Energy, social services were reinforced by financing the employer's social services fund with an annual contribution calculated at a rate of 3% of the total wage bill, including bonuses and various allowances, based on the accounts of the previous financial year. This social policy of Sonatrach has contributed to improving the living conditions of workers and their families. One of the tasks and responsibilities of the Social Affairs Directorate is to provide social services aimed at improving the material and moral living conditions of workers by supplementing their wages in the form of services. It also addresses areas such as health, housing, culture, and entertainment, and generally all social measures aimed at facilitating the daily life of the worker and their family. The Social Services Directorate also seeks to achieve the following tasks:
 - Planning, directing, and monitoring the progress of social activities within the organization.
 - Monitoring the proper implementation of programs set by the general management.
 - Developing and programming instructions to assist in implementing decisions.
 - Organising and developing social, cultural, and good companionship programs for workers.

Secondly: Internal audit in the organization under study:

Sonatrach was among the first Algerian organizations to feel the need to rely on an internal audit system to protect its assets. Therefore, in the late 1970s, an audit structure was established under the authority of the central financial administration. In the 1990s, Sonatrach's goal was to use the established audit structure as a means to improve management throughout the organization. In 2002, a new organisational structure was put in place, which included the creation of financial and accounting audit structures at the

level of each department, in addition to the establishment of an internal audit structure at the senior management level to cover all the organization's activities and those of its subsidiaries. Internal audit structures were also created at the operational level to conduct audits within the organization.

This new organisational structure placed the internal audit function at the highest level of the hierarchy. At the functional level, the internal audit department is directly connected to the CEO, while at the operational level, it is connected to the vice president.

Considering the strategic objectives set by senior management to ensure the best management of Sonatrach, and in light of a competitive economic environment, it was difficult for the internal audit function to adapt to this new competitive context. For this reason, Sonatrach launched a project in March 2005 in partnership with the international auditing firm "Deloitte" under the name "Organization and Development of the Internal Audit Function." The tasks of the Internal Audit Directorate are as follows:

- Controlling the implementation and effectiveness of the internal control policy;
- Ensuring the respect and implementation of the internal audit manual, which consists of internal control policies, the internal audit charter, and the code of ethics and professional conduct for internal auditors of Sonatrach;
- Ensuring the respect and implementation of the policies and procedures in force at Sonatrach;
- Developing the internal audit manual for the organization, in addition to ensuring its respect and implementation;
- Preparing the internal audit plan that aligns with the organization's strategic objectives;
- Preparing an annual quality control plan and achieving it at the level of internal audit structures;
- Assisting affiliated organizations in organizing and developing their internal audit structure;
- Ensuring work quality and adherence to standards and professional performance rules;
- The optimal use of available resources and efficiency in task achievement;
- Reporting on the internal audit activities conducted in various structures of the organization.

Third: The methodology of internal auditing at Sonatrach: The internal auditing process goes through the following stages and procedures:

A- Planning (Annual Audit Plan): This phase is carried out through the following steps:

-Proposal of topics: In this step, coordination takes place between the Internal Audit Directorate and the audit units at the branch level, where a set of topics is proposed based on specific objectives to be achieved during the year. These topics pertain to the branches and central functional structures, and through them, the annual internal audit plan project is completed. The proposed topics are based on a risk-based approach, meaning that priority is given to topics with the highest risks.

-Study and selection of topics: In this step, the Audit Directorate Committee, composed of audit managers at the central and branch levels, studies the project. This study relies on assessing the importance of the topics, selecting them, prioritising them, and allocating the necessary resources.

-Supporting the plan: After studying and selecting the topics, each audit unit is asked to finalise its plan, taking into account the decisions issued by the Audit Directorate Committee.

-Approval of the plan: After the plan is reinforced and finalised, it is presented to the executive committee of the organization and approved by the CEO.

-Publishing the plan: After the plan is approved, it is distributed to the audit units for implementation, and to the branch managers and executive and central directorates.

This plan is executed in accordance with the professional standards issued by the Institute of Internal Auditors: Standard 2010 Planning, Standard 2020 Reporting and Approval, Standard 2120 Risk Management, and Standard 2130 Control.

B- Implementation of the plan: Each subject included in the plan is executed with a specific task and time. Therefore, Sonatrach uses the Internal Audit Task Procedures Manual, which describes the procedures to be followed at each stage of the internal audit task and clarifies the methodology used in managing the task. This manual applies to all internal audit tasks and is based on Standard 2200 (Planning the Task), Standard 2300 (Conducting and Executing the Task), and Standard 2400 (Reporting the Results).

C- Task Preparation Stage: The internal auditor usually allocates 20% of the total time of their task to this stage, and it is carried out according to the following steps:

-Appointment of the audit team: As previously mentioned in the internal audit standards, the execution of the internal audit task requires the necessary competence and professional integrity. The formation of the audit team is based on the nature of the task, the degree of complexity, and the available time and resources. The audit team consists of: a task supervisor, a task manager, auditors (two or three), and generally, beginners in the profession are added to this team to gain experience and understand the difficulties of the profession. The task manager must ensure that the appointed audit team has the necessary knowledge, experience, and skills to carry out the task.

-Mission Order Letter: This letter is sent from the Internal Audit Directorate to the audited department two weeks before the mission begins to notify it of the auditors' presence. This letter includes the mission's subject, objectives, start date, duration, scope, procedures, the department being audited, and the names of the audit team.

-Preliminary study: Before carrying out the fieldwork, internal auditors in this step collect and study information related to the entity being audited, in order to form a reference on the entity being audited, conduct a preliminary analysis of the potential risks threatening this entity, and determine the objectives of the audit mission.

-Interview with the management of the audited entity: Before starting the task, the audit team conducts an interview with the manager of the audited entity. This interview allows for the confirmation of the identified risks and facilitates the discussion of the following points:

-Consulting on the interests and objectives of the audit process to outline the mission (scope and timeline...);

-Explaining the details of the task;

-Identifying the information that the internal audit team may need during the task;

-Agreeing on the main objectives of the interest being audited;

-Verifying the validity of the potential risks identified during the preliminary study;

-Making a decision to complete the audit task or cancel it if it proves to be unfeasible.

-Risk tables: This table summarises the risks identified in the preliminary study, and its purpose is to identify the actual strengths and weaknesses of the audited interest in order to guide the task. Below is a diagram illustrating the risk table:

Table No. (01): Risk Table

Partial activities	Objectives	Risks	Risk assessment High, Medium,) (Low	Internal Control System	Notes and Conclusions

Source: Documents from the organization

-Guidance Document: This document defines the scope and limits of the mission and translates into the objectives that must be achieved. It is prepared by the mission leader and reviewed by the supervisor.

-Preparing the mission program: This program aims to define, distribute, and plan the auditors' work, and the program's validity must be verified before starting fieldwork and then approved by the supervisor of the audit mission.

D- Task execution phase: The internal auditor usually allocates 60% of the total task time to this phase, which is carried out according to the following steps:

-The opening meeting: The opening meeting is held at the audited department in the presence of the department head and the internal audit team, and the following points are discussed in the meeting:

- ✓ Presentation of the internal audit team to the audited entity;
- ✓ Presentation of the audited entity;
- ✓ Reminding of the definition of the internal audit function and its place in the organization, and referring to the internal audit charter;
- ✓ Announcing the mission program and taking into account the observations of the audited entity;
- ✓ Determining the list of interviews with employees, and the date on which the interview will take place;
- ✓ Reminder of the important internal audit procedures, describing the sequence of subsequent stages.

- Field audit tests: Field audit tests involve conducting the monitoring operations specified in the work program using appropriate internal audit tools. These tests include the following:

- ✓ Evaluating the internal control system of the interest to determine the level of risks faced by the interest;
- ✓ Conducting interviews with employees and officials;
- ✓ Audit mapping;
- ✓ Providing feedback;
- ✓ Studying previous audit reports and making comparisons;
- ✓ Creating working papers, which serve as evidence of the work performed by the internal audit team during the assignment, and allow for the organization and preservation of information that can be used in future assignments.

The test results are written in the test results sheet, while the interview results are written in the interview report.

-Recording the discovered observations: After each phase of the work program, a partial summary is prepared by the auditor in the form of a document and problem analysis, where this document presents the problem, defines it, explains its causes, impact, and recommendations. The following figure illustrates a sample of the problem detection and analysis document:

-The final meeting: The final meeting consists of two meetings as follows:

- **The First:** A meeting must be held between the person responsible for the task and the internal auditors to ensure that the set objectives have been achieved and that all points in the work program have been implemented.
- **The second:** Before leaving the audited department, a meeting must be held with its management to conclude the implementation phase, during which:
 - ✓ Thank the department officials for their hospitality and cooperation during the mission;
 - ✓ Presentation of the results achieved;
 - ✓ Presentation of the difficulties encountered by the task;
 - ✓ Describing the sequence of subsequent stages;

- ✓ The results of this meeting must be written in the final meeting report.

H- Task Closure Stage: The internal auditor usually allocates 20% of the total task time to this stage, and it is carried out according to the following steps:

-Preliminary Report: This report is prepared immediately after the completion of the task execution phase. It contains the problems and weaknesses identified during the task, explaining their causes and impacts. It also outlines various observations and recommendations. This report is presented to the management of the department where the audit was conducted for discussion and clarification of any ambiguous points that may arise due to misunderstandings between the internal auditor and the department staff. Experience has shown that the internal auditor may record some errors in their report that do not exist in reality, and vice versa.

-Post-mission meeting: This meeting is held on the first day after returning from the mission between the work team and the audit department to discuss the events and facts observed during the mission in order to take the necessary actions as quickly as possible. The audit department manager is responsible for documenting the results of this meeting in the post-mission meeting report.

-Validation meeting: The validation meeting is held between the team and the audited entity in order to:

- ✓ Discuss all the points included in the preliminary report and amend them if necessary.
- ✓ Identifying the individuals responsible for implementing the recommendations.
- ✓ Determining the deadlines for implementing the recommendations.

The results of this meeting must be written in the validation meeting report.

- The final report: After the process of approving the initial report and modifying it if necessary, it becomes a final report, which includes:

- ✓ A summary of the mission addressed to the organization's managers.
- ✓ Observations and recommendations to solve the presented issue.
- ✓ The position of the officials in charge of the audited department.

This report is sent to all those responsible for implementing the recommendations and the Chief Executive Officer.

- Follow-up on recommendations: This stage involves following up on the recommendations found in the audit reports, and it is carried out according to the following steps:

➤ **Preparing the activity plan:** In this step, the head of the audited department translates the recommendations included in the final report into a practical activity plan and sends it to the audit unit. This table includes:

- ✓ Recommendations.
- ✓ The person responsible for implementing the recommendations.
- ✓ The specified deadlines for their execution.

The following table shows a sample activity schedule:

Table No. (02): Activity Schedule

Number: ...	Recommendations		Responsibility	Deadlines	Explanation
	Content	Priority	Concerned Unit	Responsible	

Source: Documents from the organization

-Activity plan review: After receiving the activity plan from the concerned department, the audit team examines and monitors each point to ensure it aligns with the identified issue (recommendations).

➤ **Monitoring and evaluating the activity plan:** Every three months, the audit unit sends a document to the concerned department to fill out and return, which shows the progress in implementing the recommendations.

➤ **Budget for recommendations:** At the end of the year, under the activity of the Quality Development and Planning Directorate, the Audit Directorate evaluates the quality and quantity of changes occurring in the follow-up of all activity schedules during the current period, as well as the recommendations related to previous periods. This evaluation is presented in the form of a report sent to the General Director for decision-making regarding this evaluation.

Fourth: Human Resources Management at Sonatrach: The Human Resources Management at Sonatrach is essential for achieving the organization's goals and ensuring its continued success. It is characterized by adopting advanced practices for recruiting and developing human resources, which enhances productivity and reflects the organization's care for employee satisfaction. In this section, we will discuss the nature of Human Resources Management and its various departments and tasks.

1-Human resources and their management at Sonatrach: Human resources are considered one of the main reasons for the success or failure of organizations, as they are the only tool capable of change, competition, and innovation. The concept of human capital reflects the skills, knowledge, and experience that employees possess, which is expressed in the economic value that the organization holds. Today, human resource management is one of the most important administrative functions in any organization, and its concept has expanded to include multiple key activities, the most important of which are job analysis, human resource planning, motivating human resources, and their development and training.

2-Tasks of Human Resource Management: The Human Resource Management department undertakes the following tasks:

- ✓ Contributing to the achievement of the organization's goals;
- ✓ Employing highly trained and motivated skills and competencies;
- ✓ Increasing job satisfaction and self-actualization among employees to the highest possible extent;
- ✓ Communicating human resources policies to all employees in the organization;
- ✓ Contributing to the maintenance of behavioral policies and work ethics;
- ✓ Managing and controlling the change process to benefit both the organization and the employee;
- ✓ Striving to achieve the equation of good performance level, which is ability and desire.

Fifth: Procedures for Implementing Internal Audit for the Human Resources Department at Sonatrach: As part of the implementation of the annual internal audit plan for 2025, a comprehensive audit was conducted for the Social Affairs Directorate in the Arzew area from December 3 to 14, 2025. This process aimed to evaluate functional and administrative performance, verify compliance with policies and procedures, and identify strengths and weaknesses in the internal system.

1- Evaluation of Human Resources Performance at Sonatrach: Sonatrach focuses on evaluating the performance of its human resources thru a set of means and methods, which include:

A-Training and development policy: Sonatrach places great importance on the training and development of its employees' skills, considering them two essential elements of the company's strategy. Therefore, Sonatrach conducts three types of training, which are:

-Pre-employment training: The training and recruitment policy is integrated to allow for tracking and discovering the best qualified candidates and facilitating their integration. The organization must establish connections with the educational and pedagogical system. And also providing facilities thru practical internships and supplying documents that should be allocated to competent individuals, as well as the financial coverage for these activities, including transportation and accommodation, provided by the organization. Important individuals can be employed as sponsored interns for training for their first job position.

-Improvement training: These are training courses aimed at high quality, achieved by providing a new perspective in areas of knowledge according to performance and behavior. This type of training covers many fields related to the current job requirements and aims to prepare for a higher position or extension.

-Professional retraining: The goal of these processes is to acquire the capabilities to perform a position with a different role from the one previously held but at the same level.

In this regard, efforts are being made to enhance the level and specialization of employees thru the following training methods:

➤ **The Organization Mastery Center:** The Mastery Center intervenes in the following areas: management technologies and techniques, business administration, languages, trainer training, finance and legal affairs, computer science and information systems and security, and health and environment.

➤ **The Algerian Institute of Petroleum:** The institute is located in the Boumerdès province and provides world-class practical training in the field of energy and mining, specifically in: hydrocarbon transportation, hydrocarbon refining, petroleum economics, business management, health, safety and environment, human resources, and institutional communication.

Sonatrach grants its employees training and development opportunities within the company or at its affiliated centers, whether inside or outside the country, or at schools or universities thru agreements. Sonatrach also relies on long-term training, which is defined as any process with a total duration of six consecutive months or more. The goal is to produce new competencies or acquire new knowledge, certified by the issuance of certificates for this purpose, which are considered a significant investment by the company, expecting a return on investment.

It also relies on short-term training, which is defined as any process with a work period not exceeding six continuous months. The goal is to improve the professional level of employees who meet the conditions, according to the position they occupy or will occupy, as well as the specific needs to achieve defined objectives.

B- Incentive Policy: Sonatrach relies on an employee incentive mechanism to encourage and motivate them to work harder, thru a policy that rewards the wage system and the contributions of its employees to the development of the company. This is achieved by ensuring a fair salary that recognizes both individual and collective performance. This general human resources policy encourages initiative and professional practice, closely linking the business management system to the wage system. Sonatrach prefers to hire talented young graduates by fostering close relationships with schools and universities, highlighting and promoting the development opportunities it offers to future employees. Sonatrach employs two types of incentives, which are:

- Material incentives: They are further divided into:

Salaries and bonuses: The salaries received by Sonatrach employees are considered to be among the respectable salaries that an employee can earn. However, they remain unsatisfactory for some due to the continuous rise in the cost of living, unlike the salary which remains fixed despite changes in external factors. Sonatrach adopts a promotion system based on merit and diligence at work, following a strategy aimed at motivating employees to work and achieve set goals within the specified time, under the supervision of their direct supervisor, unlike the previous system which was based on seniority. The company also covers most of the costs related to vacations, social and cultural recreational activities for workers and their families, as well as a significant portion of the insurance burdens for employees' private vehicles. The company provides financial compensation for each worker who is required to work extra hours, whether outside of working hours, during weekends, or on official holidays, in accordance with the regulations in force in Algeria. Additionally, it offers periodic bonuses to its employees, which are the same as those applied in the public sector and can be considered substantial.

Employee benefits: Sonatrach places the utmost importance on health and possesses the best equipment and material and human resources at the national level. It ensures health services for its employees and their families, who continue to benefit from them even after retirement. Sonatrach also

grants loans to its permanent employees for purchasing cars or other items, with a monthly deduction of a portion of the loan gradually until the full amount is paid off. This practice, which has become rare in other organizations, is considered a positive factor for the company to motivate its employees.

- **Moral incentives:** Sonatrach provides each retiring employee with a symbolic medal as a thank you for all the services they have rendered to the company. This medal is also awarded to anyone who has provided exceptional services to the company. These medals are also given to dedicated employees as a form of encouragement to give more, and at the end of their professional career, the higher the number of awards the employee has received, the greater the end-of-service bonus.

2- Case for auditing the Human Resources Department at the Directorate of Social Affairs: Through this element, the procedures of the internal audit process for the Human Resources Department conducted by the internal audit team at the Directorate of Social Affairs for the Arzew area will be tracked.

A- Preparation for the mission: As part of the implementation of the annual internal audit plan for the year 2025, an internal audit of the Directorate of Social Affairs in the Arzew area was conducted from 03 to 14/12/2025, and this mission was carried out by:

- Mr. A, the supervisor of the audit mission.
- Mr. B, the head of the audit mission.
- Ms. J, Auditor.
- Mr. D, auditor.

- **Mission objectives:** The objective of this mission is the internal audit of the Directorate of Social Affairs for the Arzew area.

- **Documents used in the completion of the task:** To accomplish this task, the following documents were used:

- ✓ The detailed organizational structure of the Arzew Directorate of Social Affairs.
- ✓ Updated maps for the Arzew Directorate of Social Affairs.
- ✓ Mission letter.

- **The approach followed in completing the work:** The work accomplished during this mission was carried out in accordance with the generally accepted standards of the profession.

B-Task Path (Execution): The task was carried out under very favorable conditions, with all the necessary facilities available for its completion. It is worth noting that the regional staff were cooperative and available, and this task was carried out through the following steps:

- **Study and understanding of the organizational structure of the Directorate of Social Affairs under internal audit:** The internal audit team studied and analyzed the documents obtained from the audited directorate and reached the following findings:

- The detailed organizational structure of the Arzew Social Affairs Directorate has not yet been prepared.
- The detailed organizational structure at the Arzew Social Affairs Directorate, signed on 01/07/2003 by the former executive director, has not been updated or implemented, does not meet the region's needs, and is not linked to an official decision that issues instructions for its effective implementation in the Arzew area.
- Currently, the Directorate of Social Affairs for the Arzew area has an updated map inspired by the detailed organizational structure reference A-001 dated 01/07/2003, but this map has not been approved by the administration.

- The overall structure of the Directorate of Social Affairs, embodied in decision N°307/DG reference A-1042(R4) on 27/05/2020, which includes the organization of the Directorate of Social Affairs, has not been extended to the areas of the Directorate of Social Affairs and does not contain the number of employees to be assigned to each service or department in the area, nor the theoretical total number of positions allocated to the area.

- **Conducting an interview with the head of the Human Resources Department:** This interview revealed the absence of job profiles for the employees in the pharmacy affiliated with the Health Services Department. However, an important letter referenced as No. 865 SDS/DPHEM No. 839 dated April 18, 2010, was issued to the pharmacist responsible for managing health products to document her tasks. Additionally, there is no one in the Arzew District Social Affairs Department responsible for coordinating between this pharmacy and the administration, who would be responsible for managing regulatory tools.

- **Evaluation of the internal control system for pharmacy employees:** Table No. (03) shows the evaluation of the separation of duties for pharmacy/health department employees under the Directorate of Social Affairs in the Arzew area, and the following table provides the details:

Table No. (03): Employee segregation of duties evaluation table

Pharmacy staff The tasks	The pharmacist	Responsible for Level 1 Procurement Management	Store Management Client
Reception	X	X	
Verification and actual control	X	X	X
Quality control (internal purchases)	X		
The actual entry of inventories		X	X
Coding of received items			X
Recording inventory movements on manual inventory sheets		X	X
Excel: Entering inventory movements in a spreadsheet	X		
The actual inventory exit	X	X	X
Physical distribution		X	X
Document control	X	X	
Document classification	X		
Preparation and monitoring of monthly reports (local purchases)	X		
Continuous monitoring of outputs on the Excel spreadsheet.	X		
Evaluation of outputs on the inventory movement document (BMM) and the Excel spreadsheet.	X		
Evaluation of the outputs on the inventory movement document (BMM) and the end-of-financial-year status.			X

Continuous inventory		X	X
Year-end inventory			X

Source: Documents from the organization

Thru the above table, we were able to discover many errors and the lack of separation between several tasks as follows:

- The following functions: reception, verification and actual control, actual entry and exit of inventory, entering inventory movements on Excel, monitoring and classifying documents, monitoring and evaluating outputs, are performed by the pharmacy.
- The following functions: reception, actual verification and control, actual entry and exit of inventory, recording inventory movements on manual inventory sheets, document monitoring, and continuous inventory, are carried out by the person in charge of procurement management.
- The following functions: reception, verification and actual control, actual input and output of inventory, coding received items, recording inventory movements on manual inventory sheets, output evaluation on BMM and the end-of-financial-year status, continuous inventory and year-end inventory, are carried out by the store management employee.
- Incomplete detailed organization (the precise structure) of the Directorate of Social Affairs for the Arzew area.
- The absence of job cards related to pharmacy staff.
- The absence of a specialized warehouse manager.
- The absence of a secure software program or application (information system) dedicated to inventory management, which allows for systematic control of information.
- Lack of training and education for all pharmacy staff.

C- Results: At the end of this mission conducted with the aim of auditing the Directorate of Social Affairs for the Arzew area, the internal audit team reached the following results:

- The absence of a detailed organizational structure for the Arzew Directorate of Social Affairs;
- The lack of job description cards;
- Overlapping tasks and the accumulation of incompatible jobs for employees;
- Risks of not achieving the objectives assigned to the various social affairs departments of the Arzew area;
- The risks related to the Directorate of Social Affairs of the Arzew region taking on the responsibility of implementing activities and services;
- The potential risks of differences in implementation and organizational application at the level of administrative maps identified by the Directorate of Social Affairs for the Arzew area;
- In the event of problems or differences in approach, there may be dispersion and overlap in responsibilities when tasks are executed in a disorganized manner;
- Impact (disruption) on the proper workflow of the region's activities, which must ensure communication with the central structures of the Directorate of Social Affairs;
- There are risks of overlapping tasks and roles between the structures of the Arzew area with mixed responsibilities;
- The organization does not allow for optimal control over the activities of the Social Affairs Directorate of the Arzew area;

- There is a risk of not achieving the set objectives for the Arzew area;
- Impact on the continuity of the procedures carried out by the structures of the Directorate of Social Affairs in the Arzew area;
- Overlapping and accumulation of tasks;
- Dispersal of responsibilities;
- Risks of not achieving the objectives set by the region;
- The risk of not having full and comprehensive control over the activity;
- The risk of affecting the continuity of the measures implemented by the region.

D- Recommendations: At the end of the mission, the internal audit team presented a series of recommendations and suggestions that they deemed necessary to address the identified problems and deviations at the level of the Directorate of Social Affairs for the Arzew area. It was essential to communicate with the sub-department of administration and finance of the Directorate of Social Affairs with the aim of:

- Completing the organization of the (main structure) of the Social Affairs Directorate referred to by number A-1042(R4) on 27/05/2020, by creating a detailed organizational structure (a precise structure) that aligns with the specific nature of the Social Affairs Directorate for the Arzew area due to the tasks assigned to it;
- Implementing the organizational guide that includes updated job profiles resulting from a detailed organization approved by the administration;
- Defining the updated job specifications for the concerned employees, with the aim of ensuring a better understanding of the tasks assigned to them;
- Updating and using documents related to institutional management, including job cards, while adhering to the positions specified in the organizational structure. These rules may include regulatory guidelines governing the use of organizational tools within the organization;
- Strengthening the structure thru a dedicated warehouse manager;
- Communicating with the Sub-Directorate of Health, the Information Technology Department, and the Information System of the Administrative and Financial Support Directorate, with the aim of accelerating the creation of an application or program for inventory management at the pharmacy/health service level for the Social Affairs Directorate in the Arzew area.

Conclusion:

At the end of this in-depth study of the vital role played by internal auditing in human resource management, it becomes clear that its importance in achieving the organization's goals and ensuring its sustainability in a changing environment and increasing economic challenges cannot be ignored. Internal auditing provides a comprehensive evaluation of human resource management systems and processes, contributing to the identification of strengths and weaknesses and providing opportunities for continuous improvement. In the context of large organizations such as Sonatrach, internal auditing bears a significant responsibility in evaluating and improving the performance of human resource management by examining the policies and procedures followed and providing appropriate recommendations to enhance effectiveness and efficiency.

A deep understanding of the interactions between internal auditing and human resources management represents a continuous challenge, but it is also an opportunity to enhance transparency and accountability within the organization, ultimately leading to improved performance and the successful achievement of set goals.

In short, it can be said that internal auditing represents the vital element that combines the principles of inspection, evaluation, and continuous improvement, to ensure that human resource management operates efficiently and effectively in achieving the organization's goals successfully.

1- Testing the study hypotheses: Based on our review and analysis of various aspects of the topic, we reached conclusions regarding the hypotheses presented at the beginning of the study, which are as follows:

- **The first hypothesis:** Internal auditing is a systematic function thru the application of a set of principles and standards that govern this function. It is relatively independent as the internal auditor reports to the general manager, which gives them the ability to audit and monitor all departments, leading to the identification of weaknesses in the organization and providing suggestions for improving management. This supports the validity of the first hypothesis.

- **The second hypothesis:** Human resources are considered a fundamental pillar in the success of any organization, and managing these resources effectively has a significant impact on employee performance and, consequently, on the overall performance of the organization. This supports the validity of the second hypothesis.

- **The third hypothesis:** Internal auditing is an important mechanism for evaluating the effectiveness and performance of human resources management within the organization by providing reports and recommendations on processes and practices. Internal auditing helps identify gaps and opportunities to improve human resources performance. It also verifies the compliance of human resources management with local and international laws and policies, which reduces potential risks and ensures legal compliance, thus supporting the validity of the third hypothesis.

2- The results from our study of this topic and the case study in the Social Affairs Directorate of Sonatrach reached the results related to the theoretical study and others related to the field study as follows:

Theoretical results: They can be summarized as follows:

- Internal auditing is used to enhance strategic planning and identify future human resource needs;
- The audit is utilized in human resource management as a valuable tool to improve organizational performance;
- Enhancing the effectiveness of human resource management thru the application of audit results as well as improving administrative processes;
- The results of the internal audit function identify areas that need development and improvement within the human resources management;
- Enhancing effective communication within the organization between the Human Resources department and employees contributes to building trust and promoting transparency;
- The internal audit of the human resources department seeks to improve the efficiency of human resource utilization and reduce additional costs by analyzing processes and identifying gaps and excess costs;
- The internal audit of human resources management contributes to developing effective recruitment and selection strategies to attract and retain the best talents thru internal auditing;
- Internal auditing works on monitoring the implementation of policies and procedures related to human resource management and ensuring compliance with them effectively.

2- Practical results: They are as follows:

- It appears that internal auditing plays a vital role in analyzing and evaluating the performance of the Human Resources Management at the Directorate of Social Affairs in the Sonatrach organization. This

means that it not only reveals issues and problems but also provides opportunities to develop new strategies and solutions to enhance performance and improve processes;

The internal audit process at Sonatrach is carried out according to integrated and interconnected steps in accordance with recognized internal audit standards, as outlined in the internal audit guide and the code of professional conduct and ethics adopted by the audited organization. This process concludes with a final report containing the internal auditor's recommendations aimed at correcting identified errors and improving the management of the organization's activities. Any breach of the audit standards affects the auditor's credibility and leads to performance discrepancies.

- The study demonstrates the importance of auditing in ensuring that human resources management policies and procedures comply with local and international laws and regulations, as this commitment to compliance helps reduce legal risks and enhance the organization's reputation;
- By identifying the strengths and weaknesses in human resource management at the Directorate of Social Affairs, internal auditing can provide recommendations to improve processes and increase performance efficiency, leading to an enhanced employee experience and increased productivity;
- The internal audit team works on identifying potential legal and regulatory risks that Sonatrach may face, and provides strategies to effectively address them, contributing to cost reduction and overall performance improvement of the organization;
- The collaboration between the internal audit team and the human resources management at Sonatrach enhances management effectiveness and contributes to achieving the organization's overall goals, making internal audit a strategic partner for institutional success.

3- Recommendations: Finally, after presenting the results, we had to come up with a set of recommendations as follows:

- The necessity of continuing the professional development of internal auditing for the Directorate of Social Affairs and the organization as a whole, and following up on the publications and standards issued by professional bodies such as the Institute of Internal Auditors in the United States;
- The necessity for the organization under study to organize and participate in scientific courses in order to keep up with and follow the developments in the field of modern internal auditing;
- Establishing and implementing a detailed organizational structure specifically for the Human Resources Department of the Directorate of Social Affairs at the organization under audit (Arzew area);
- Granting the human resources function in the directorate a prominent and strategic leadership role, with high participation in decision-making and the implementation of plans and operations;
- Activating the human resources planning system that enables Sonatrach in general and the Directorate of Social Affairs in particular to obtain its human resources needs in the required quantity and quality, at the right time, in order to achieve the set objectives;
- Conducting audits of employee development programs to ensure their efficiency and effectiveness in developing the skills and capabilities of employees in the directorate, particularly to enhance their satisfaction and retention;
- Creating a culture where everyone monitors and is monitored within the studied directorate, and abandoning the idea that the supervisor and internal auditor are like police officers in the organization to provide a suitable work environment, in addition to achieving the organization's goals,
- Using job cards in all departments of the directorate for better employee awareness of their specific tasks;
- Following and respecting the recommendations of the internal audit team in the directorate under study, as documented in the audit report, in order to enhance performance and correct errors for the human resources management.

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