PSI™ Methodology Brief

The Payroll Stability Index™ — *a defensible executive view of payroll risk, built from evidence and translated into governance decisions.*

The Payroll Stability Index™ (PSI™) measures payroll governance maturity from 0 to 100 across five pillars. It gives CFOs, finance leaders, payroll leaders, and oversight stakeholders a common view of which risks are controlled, which remain exposed, and what should happen next.

The governance distinction

Successful payroll processing does not necessarily mean effective payroll governance. PSI™ evaluates the control environment around payroll — not simply whether payroll completed on time.

The approved method

IDENTIFY • QUANTIFY • PRIORITIZE • GOVERN

The five pillars

01 Compliance Integrity

Regulatory obligations, classification, multi-state exposure, statutory reporting, and compliance controls.

02 Financial Accuracy

Reconciliation, funding integrity, adjustment control, reporting accuracy, and audit defensibility.

03 Operational Continuity

Key-person risk, documentation, resilience, capacity, change readiness, and integration continuity.

04 Governance & Controls

Ownership, segregation of duties, approvals, monitoring, exception management, and fraud controls.

05 Technology & Data Security

Platform maturity, access governance, interfaces, data protection, and incident response.

+ Strategic Intelligence Layer

Executive visibility across the five pillars, repeated measurement, trend interpretation, and governance follow-through. This is an oversight layer — not a sixth pillar.

EVIDENCE BEFORE CONCLUSION

How the formal PSI™ score is built

The full PSI™ Assessment evaluates 47 proprietary control checkpoints. Each checkpoint receives a 0–3 maturity score only after its disposition and supporting evidence have been documented. The resulting pillar subscores roll into a weighted 0–100 composite using ValuGuard’s controlled scoring model.

1 **Checkpoint disposition —** Every checkpoint must be addressed. A formal PSI™ score is not displayed until all 47 checkpoints have a recorded disposition.

2 **Evidence discipline —** The advisor records evidence status and quality, source authority, notes, and the basis for each finding. Attestation alone is not treated as verified evidence.

3 **Score separation —** Control maturity determines the PSI™ score. Estimated dollar exposure does not change a checkpoint’s maturity score; it supports executive prioritization.

4 **Exposure inclusion —** Dollar exposure is included in totals only when the advisor affirmatively selects Yes and documents the calculation basis and assumptions.

5 **Completion gate —** A partial assessment may show completion progress, but it does not produce a formal composite or final risk band.

6 **Controlled methodology —** Checkpoint definitions, detailed scoring logic, and internal weighting controls remain proprietary and are not distributed outside an authorized engagement.

Reading the bands

80–100 STABLE **60–79 MODERATE** **40–59 ELEVATED** **0–39 CRITICAL**

A band is a governance signal — not a certification, legal opinion, audit conclusion, or guarantee that risk has been eliminated. Conclusions remain limited to the evidence reviewed, the assessment scope, and the assessment date.

Evidence coverage matters

A complete checkpoint disposition confirms that the assessment process is complete. Evidence coverage separately indicates how much of the assessment is supported by accepted evidence. The final report presents both so leadership can distinguish process completion from evidentiary strength.

A DISCIPLINED OPERATING SEQUENCE

From assessment to governance

PSI™ is designed to support an executive decision sequence — not a one-time score. Findings move through three engagement phases, with ownership and evidence carried forward.

1 **Assessment —** Establish the evidence-based baseline and identify material control gaps. Typical output: PSI™ score, pillar view, findings, exposure ranges, evidence limits, and prioritized roadmap.

2 **Stabilization —** Support remediation of priority findings and strengthen immediate control reliability. Typical output: owners, actions, decision points, validation evidence, and status reporting.

3 **Advisory —** Sustain governance, monitor residual risk, and support future change. Typical output: periodic review, re-assessment, trend visibility, and executive governance reporting.

Two ways in

PSI™ Snapshot — a short, directional self-assessment across the five pillars. It helps a prospect identify likely pressure points, but it is not an evidence-based formal PSI™ score and does not replace the full assessment.

PSI™ Assessment — the complete 47-checkpoint assessment, scored on documented dispositions and evidence. The formal score is released only after the completion gate is satisfied.

Governance boundary

PSI™ provides payroll risk intelligence and advisory support. It is not an audit, legal opinion, tax opinion, certification, or guarantee. Legal, tax, regulatory, and self-disclosure decisions should be evaluated with qualified counsel and other appropriate specialists.

Next step

Get your free PSI™ Snapshot at valuguardpayroll.com/psi-snapshot, or book a confidential review at valuguardpayroll.com/contact.

© 2026 ValuGuard Payroll Advisory LLC. Payroll Stability Index™, PSI™, and Payroll Risk Intelligence™ are proprietary ValuGuard frameworks and marks. PSI Methodology Brief v1.2 — July 2026.