January 2025

Office of Internal Auditing

Audit Committee

Project Results – Payroll Audit Report

MINNESOTA STATE

Objectives & Target Questions

The targeted questions focus on the following areas:

Retroactive Payroll Adjustments	Payroll Error Investigation and Resolution
Root Causes of Payroll Adjustments	Reporting Capabilities & Analytic Tools
Overpayments & Underpayments	Payroll data Integration

Key Takeaways – What's Working

Non faculty payroll is working well since the transition to Workday.

Many previous payroll audit issues have been resolved.

All parties involved in the Workday payroll implementation have made and continue to make tremendous efforts to get employees paid and make progress on known issues.

Key Takeaways - Opportunities

The switch to Workday has exacerbated existing faculty pay issues.

Payroll errors continue to disproportionately impact contingent faculty.

Institutions' scheduling and workload approval delays continue to cause pay issues and error corrections.

Since switching to Workday, faculty can't verify pay accuracy due to a key missing report.

Key Takeaways - Opportunities

A multi-step approach to reducing late faculty hires could increase timely and accurate faculty pay.

Over 55% of late class additions were for introductory courses (100 or 1000 level).

The overpayment collection policy should be strengthened. 42% of the uncollected overpayments are from FY 18 to FY 23.

Recommendations and Management's Response

Minnesota State should take a multi-step approach to reducing late payments and corrections

Ensure consistent and impactful tone from leadership

"Agree...we agree both system and campus leaders should regularly set and renew goals to minimize the number of late adjustments..."

Reduce the volume of late course approvals and late hiring

"Partially agree...inevitable fluctuations at the start of every semester make it challenging..."

Leverage system knowledge and resources

"Mostly disagree...there is little knowledge and resources left at our colleges and universities to leverage during peak processing times.."

Recommendations and Management's Response

Minnesota State should improve its capabilities by automating data tracking and reporting

Leverage Workday reporting capabilities

"Agree…reports such as the pay details report currently under development is of higher urgency and priority."

Provide employees sufficient information about their pay

"Agree…The HCM team is actively working on a remedy…" "For teaching faculty, a paystub alone is insufficient to validate pay…"

Identify or acquire Workday reporting expertise

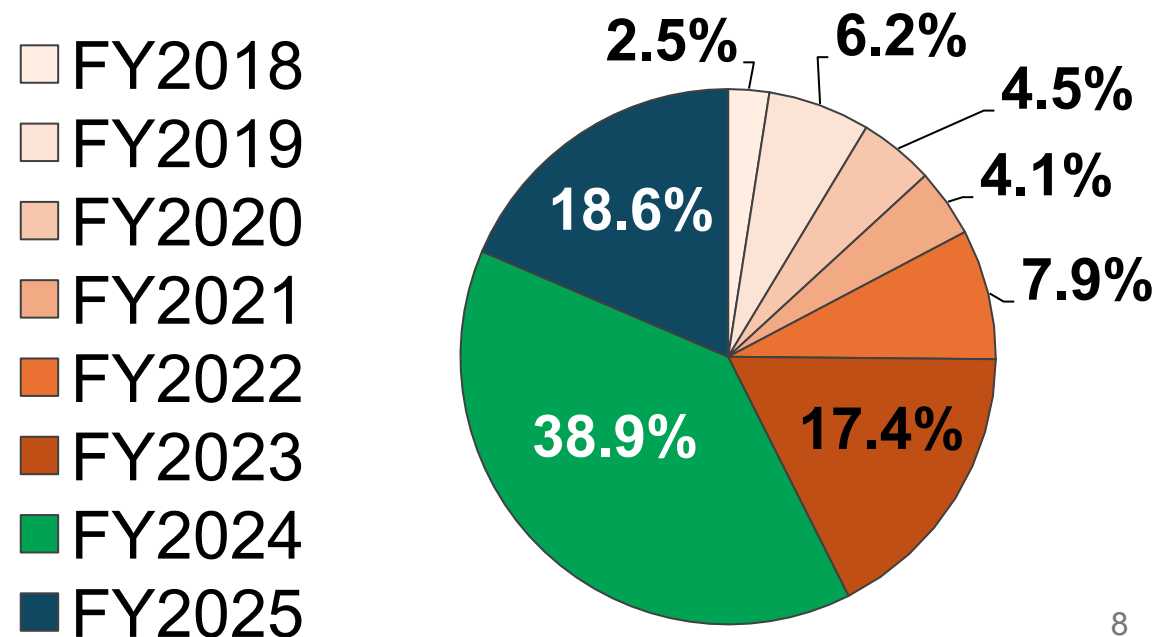*"Agree…The HCM team recently filled a vacant sustainment position to primarily focus on report writing."*

Recommendations and Management's Response

Improve Overpayment Collection Policies

Define polices and timelines for collecting overpayments

"Agree...The System Office HR Division will publish System Guidelines for Processing Overpayments of Salary or Wages, setting timelines and parameters for the collection of overpayments"

Percentage Of Outstanding Overpaymen Collections as of 10/22/2024

- FY2018
- FY2019
- FY2020
- FY2021
- FY2022
- FY2023
- FY2024
- FY2025

2.5% 6.2% 4.5% 4.1% 7.9% 17.4% 38.9% 18.6%

Management's Response and Timelines

Recommendation	Anticipated Date of Resolution
Reduce Late Payments	January – July 2025
Improve Reporting Capabilities	April 2025 - 2026
Improve Overpayment Policies	March 2025

Eric Davis
Vice Chancellor for Human
Resources

Takeaway Question

What capacity and appetite does the system have to make improvements in the next year?

St. Paul, MN 55101-7804

651-201-1800
888-667-2848

www.MinnState.edu