



MINNESOTA STATE

January 6th, 2025

Office of Internal Auditing

Responses to Payroll Audit Recommendations



Minnesota State should take a multi-step approach to reducing late payments and corrections which disproportionately affect contingent faculty at the beginning of semesters

Ensure consistent and impactful tone from leadership:

- System leadership should continue to provide consistent messaging regarding faculty workload approval deadlines and hold institutions accountable to minimize late payments to faculty.
- System leadership should communicate the system wide and legal effects of not meeting deadlines and set expectations for continuous improvement.

Agree/Disagree and Action Plan	<p>Agree. The most frequent root cause of late or inaccurate faculty pay is the late adjustments / late approvals of faculty workload. Service Level Agreements specify approval deadlines within the Faculty Workload Management (FWM) system for timely payroll processing. Adjusting for the volume of transactions at the start of a semester, those deadlines are typically 2- weeks prior to the start of the pay-period in which faculty members start work. Minnesota State law generally requires payment of all wages, including salary earned by an employee at least once every 31 days on a regular payday designated in advance.</p> <p>Inevitable fluctuations in enrollment at the start of every semester make it very challenging for campus academic leaders to set and approve all instructional loads without adjustment at the start of a semester. While late adjustments to faculty workload are likely at the start of a semester, there may not be an adequate opportunity to approve and process late changes before pay-period end.</p> <p>Acknowledging these challenges, we agree both system and campus leaders should regularly set and renew goals to minimize the number of late adjustments and approvals of faculty workload in order to minimize corresponding pay delays or errors. Similarly, it is of critical importance campuses [HR and/or ASA] communicate with impacted faculty often and accurately about what they can expect if/when changes are made to their assigned workload after the deadlines.</p>
Responsible Individuals	<p>Chancellor; Presidents Senior Vice Chancellor for Academic and Student Affairs; Sr. Academic Officers Vice Chancellor for Human Resources; Chief Human Resource Officers</p>
Anticipated Date of Resolution	<p>January 2025</p>

Reduce the volume of late course approvals and late hiring:

- System leadership should implement goals and continuous improvement strategies to reduce the ongoing issue of late or inaccurate faculty pay.
- Evaluate the relationship of late add introductory courses and late faculty workload approvals to determine possible system wide strategies. As seen on

page 40, there are some courses which seem to have similar issues across the system.

<p>Agree/Disagree and Action Plan</p>	<p>Partially Agree. The most frequent root cause of late or inaccurate faculty pay relates to late hires, late adjustments and late approvals of faculty workload. Service Level Agreements specify approval deadlines within the Faculty Workload Management (FWM) system for timely payroll processing. Adjusting for the volume of transactions at the start of a semester, those deadlines are typically 2- weeks prior to the start of the pay-period in which a faculty member starts work.</p> <p>Inevitable fluctuations in enrollment at the start of every semester make it very challenging for campus academic leaders to set and approve all instructional loads without adjustment at the start of a semester. While late adjustments to faculty workload are likely at the start of a semester, there simply may not be an adequate opportunity to hire, on-board, approve and process late changes in faculty workload before pay-period end.</p> <p>Acknowledging these challenges, we agree both system and campus leaders should regularly set and renew goals to minimize the number of late hires, adjustments and approvals of faculty workload to minimize corresponding pay delays or errors. Similarly, it is of critical importance campuses [HR and/or ASA] communicate with impacted faculty often and accurately about what they can expect if/when changes are made to their assigned workload after the deadlines.</p>
<p>Responsible Individuals</p>	<p>Chancellor; Presidents Senior Vice Chancellor for Academic and Student Affairs; Sr. Academic Officers Vice Chancellor for Human Resources; Chief Human Resource Officers</p>
<p>Anticipated Date of Resolution</p>	<p>January 2025 and on-going</p>

Leverage system knowledge and resources:

- Until continuous improvement efforts begin reducing workload, especially during peak processing times, the HRSC should seek and accept assistance from institutions to reduce burden on HRSC staff and process work more quickly.
- Leadership should reinforce the benefits of being a system of institutions, including the knowledge, resources, and support which can be leveraged.

<p>Agree/Disagree and Action Plan</p>	<p>Mostly disagree. There is little knowledge and resources left at our colleges and universities to leverage during peak processing times. Since operating in a shared service environment there has been significant turnover at both the service center and on campus. Consequently, most campus HR staff are not sufficiently familiar with HRSC and payroll business processes and would be unable to effectively augment the service center during peak processing times without extensive training. Simply put, untrained staff would serve to be more of a hinderance than a help. In addition, many campuses are short staffed in HR and do not have capacity to augment the service center without local hardship.</p> <p>The service center has been able to augment staff on occasion through emergency and temporary hires of recently separated (retired) employees and would be better served by maintaining a cadre of willing retirees or select former processors who are willing and available to augment the center during peak processing times.</p>
<p>Responsible Individuals</p>	<p>Senior System Director for HR Operations HRSC Management</p>
<p>Anticipated Date of Resolution</p>	<p>July 2025</p>
<p>Minnesota State should enhance and strengthen its capabilities by enhancing and automating data tracking and reports:</p>	
<p>Leverage the implementation of Workday and its reporting capabilities:</p> <ul style="list-style-type: none"> - Minnesota State should reduce the risk of errors and time spent manually logging over and underpayments by automating the process in Workday. - Minnesota State should implement error reporting dashboards which automatically update with accurate data. 	
<p>Agree/Disagree and Action Plan</p>	<p>Agree. The HR Service Center currently monitors and reports on the number of over and underpayments by institution, publishing quarterly dashboards by institution and an overall system summary. This dashboard requires the team to manually log and summarize known over and underpayments. An automated report would be a valuable enhancement.</p> <p>However, providing for reports such as the pay details report currently under development is of higher urgency and priority. Though manually logged and summarized, service logs and dashboards are accurate.</p>
<p>Responsible Individuals</p>	<p>Senior System Director for HR Operations</p>

<p>Anticipated Date of Resolution</p>	<p>To be determined. Likely 2026.</p>
<p>Provide employees with sufficient information about their pay:</p> <ul style="list-style-type: none"> - Minnesota State should ensure employees receive adequate information and reports to self-review their own payroll to assist with the identification of errors. - Minnesota State should provide additional reporting and monitoring capabilities regarding details of pay to enhance transparency and build stronger trust between employees and the payroll processing teams. 	
<p>Agree/Disagree and Action Plan</p>	<p>Agree. All state employees can review their own paystubs in employee self-service available through SEMA4 (MMB). For most employees, the paystub provides adequate information to self-review and assist with the identification of errors. For teaching faculty, however, the paystub alone is insufficient to validate pay accuracy. The Employee Pay Detail report as developed in Workday does not currently provide detailed assignments and scheduled pay information for faculty which results in an inability to view full compensation information within Workday.</p> <p>The HCM team is actively working on a remedy. Issues that have prevented actual payrolls from posting to accounting, also hinder creating an accurate pay detail report. A subgroup was formed to focus on identifying a path forward, and the team has a multi-step proposal to make progress towards of being able to deliver a report that combines the three elements of the former pay detail report – Assignment Details, Scheduled Payments, and Paycheck Details – within Workday. The technical work is already underway, but fixes have proven to be complex and time intensive. Once complete, the teams will post past payrolls in Workday and accurate data will similarly be available to populate the pay details report.</p>
<p>Responsible Individuals</p>	<p>Senior System Director for HR Operations Workday Teams (HCM, FIN, TECH)</p>
<p>Anticipated Date of Resolution</p>	<p>April 2025</p>
<p>Identify or acquire Workday reporting expertise:</p> <ul style="list-style-type: none"> - Minnesota State should identify resources with specific expertise to assist in developing custom reports to enhance the capabilities of tracking and reporting payroll data. There are many higher education institutions who have been using Workday for years and have developed robust reporting. Team Workday may also be helpful in this regard. 	

<p>Agree/Disagree and Action Plan</p>	<p>Agree. To date, the Workday HCM team has appropriately prioritized remedies to integration failures and related defects that contributed to payroll processing delays and errors. Now that we are operating in a more stable environment, the team is focusing on process improvement and improved communication to include robust reporting. The HCM team recently filled a vacant sustainment position to primarily focus on report writing.</p>
<p>Responsible Individuals</p>	<p>Senior System Director for HR Operations Workday Teams (HCM, Finance, Tech, OCM)</p>
<p>Anticipated Date of Resolution</p>	<p>On-going, starting with development and roll-out of a new Faculty Pay Details Report expected in April 2025</p>

Minnesota State should enhance its authority and capability to collect payroll overpayments:

Create and implement board policies and procedures to explicitly define the process and timelines for collecting overpayments:

- The current process allows each institution to set timelines and parameters for collecting overpayments from employees, which can be lengthy and can lead to non-collection of overpayments.
- Minnesota State, working with the institutions, should collect the current backlog of payroll overpayments.
- Minnesota State should consider leveraging the accounts receivable reporting function in Workday to track and monitor the status of overpayments to employees.

<p>Agree/Disagree and Action Plan</p>	<p>Agree. In most cases, payroll adjustments should be processed to correct overpayments. However, before collecting an overpayment from an employee's paycheck, Minnesota State must first obtain the employee's written consent. Current guidelines from MMB permits the option to repay "<i>across several pay periods</i>" through a set amount that will reduce the gross amount of each pay until the full amount of the overpayment is recovered. The absence of explicit system guidance and/or limits around "<i>several pay periods</i>" has resulted in repayment plans that span multiple pay-periods and year(s) to recover an overpayment.</p> <p>The collection of overpayments from employee paychecks is subject to garnishment limits as outlined in M.S. 571.922 unless there is a signed repayment schedule to the contrary. If an employee will not voluntarily consent to the collection of the overpayment, Minnesota State must send a certified letter notifying the employee of intent to set off the employee's wages in accordance with M.S. 16D.16. An employee has thirty (30) days from the date of the certified letter to request a contested case hearing.</p> <p>Action: The System Office HR Division will publish System Guidelines for Processing Overpayments of Salary or Wages that set timelines and parameters for the collection of overpayments.</p>
<p>Responsible Individuals</p>	<p>Vice Chancellor for Human Resources</p>
<p>Anticipated Date of Resolution</p>	<p>March 2025</p>