AGENDA ITEM SUMMARY

NAME: Joint Audit and Workforce and Organizational Effectiveness Committees

DATE: January 29, 2025

TITLE: Results of Payroll Audit

☐ Action ☒ Review and Discussion

☐ *This item is required by policy*

PRESENTERS
Amy Jorgenson, Chief Audit Officer
Eric Davis, Vice Chancellor for Human Resources
Chris Jeffrey, Principal, Baker Tilly
Alex Luedtke, Senior Manager, Baker Tilly

PURPOSE
The purpose of this meeting will be to present the results of the recent Payroll Audit. We have identified observations and provided recommendations.

BACKGROUND INFORMATION
The scope of this audit included all of FY 24 (ISRS) and the first three months of FY 2025 (Workday.) The full report included in the materials contains several observations, findings, and recommendations for management to consider.

While system office management generally agrees with most of the findings and recommendations, there remains some disagreement about the first area "Minnesota State should take a multi-step approach to reducing late payments and corrections which disproportionately affect contingent faculty at the beginning of semesters."

Internal audit fully acknowledges the challenges facing campuses at the beginning of semesters, particularly when enrollment is much different than anticipated. For the period we examined, over 50% of classes added late (after July 15 for fall semester) were freshman level classes – 100 or 1000 level. Our recommendation should not be perceived as eliminating the need for late class additions and late faculty hires. Rather, we believe setting goals in this area can shed more light on the volume and practices at each institution and lead to conversations about how to continually improve. Even a small reduction in the overall volume of late adjustments and

late approvals of faculty workload could help improve timeliness and accuracy of faculty pay.

We also believe there may be some advantage to having system conversations about the types of classes most often added late and the expertise needed in faculty hires. This could help determine if there are ways to develop a contingent faculty pool to address shortages and try to alleviate some last-minute new hires.

Finally, the recommendation about leveraging system resources comes during peak processing times from conversations with some campuses who expressed a willingness to assist the HRSC. We believe using systemness in this way can deepen the understanding between campuses and the HRSC and the issues they each face. This could also help keep costs down by eliminating the need to hire additional people in the HRSC. However, it is ultimately up to management to decide how to augment staffing when the workload exceeds capacity at these busy times of year.