



INDEPENDENT ACCOUNTANTS' REPORT

Minnesota Office of The Legislative Auditor
St. Paul, Minnesota

We have performed the procedures enumerated below related to Minnesota Office of The Legislative Auditor's (OLA) inspection of the payroll related controls for the biennium ended June 30, 2025. OLA's management is responsible for its internal controls over compliance with those policies.

OLA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of inspecting payroll related controls and reporting back findings. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

- a. Select a sample of payroll periods and inspect documentation showing that employees have submitted their time and any leave taken during the payroll period prior to the end of the last working day of the pay period. Confirm that the hours submitted equal the hours paid. No exceptions noted.
- b. Inspect payroll documentation to confirm that the proper approval of the timesheets was documented by the appropriate supervisor by no later than 10:00 a.m. on the Wednesday following the two-week payroll period. While testing internal controls over Payroll and Time Tracking policy 6.16. It was noted that 2 out of 11 employees selected for testing did not have supervisor approval dates or timestamps and as a result, timeliness of supervisor approval could not be verified.
- c. Observe for each payroll period selected that the Business Manager and employee designated by the Minnesota Office of the Legislative Auditor that is not involved in payroll processing have approved the Self-Service Time Entry Audit Report (FIHR2460) for the payroll period. Observe that this approval occurred the date this report became available. No exceptions noted.
- d. Observe that the Payroll Register Report (FIHR2062), the Payroll Posting Audit Trail Report (FIHR2280), and the Self-Service Business Expense Audit Report (FIHR2470) were reviewed by the Business Manager and the Minnesota Office of the Legislative Auditor designated employee not involved in payroll processing. No exceptions noted.
- e. Agree the Payroll Register Reports and the Time Entry by Department and Pay Period report to verify the employee's rate of pay is correct. Observe how the payroll processor documented that they checked this for that payroll period. No exceptions noted.

- f. Observe that the payroll processor ran the Time entry by Department and Pay Period report (FIHU0610) for all employees and made sure it matched the data in the SEMA 4 Mass Time Entry. Inspect documentation of that control being performed by the payroll processor and inspect to verify that the two documents are in agreement. No exceptions noted.
- g. Observe that the Deputy Legislative Auditor and the Designated employee not involved in payroll processing reviewed and approved the payroll data compilation. No exceptions noted.
- h. Observe that the Payroll Processor ran the Payroll Posting Audit Trail Report (FIHR2280) and verified that payroll was paid using the approved funding sources. No exceptions noted.
- i. For each employee selected obtain the materials provided to the employee for each Minnesota Management and Budget training completed to confirm they include the interpretation of training materials and how they apply to the Minnesota Office of the Legislative Auditor's office. No exceptions noted.
- j. Observe evidence that the supervisor sent out an email notifying the personnel group of the leave or separation and issued the employee the checklist given to all employees prior to them taking leave or separating with the Minnesota Office of the Legislative Auditor. While testing internal controls over Separations and Leave of Absence policy 6.12, CLA noted 1 out of 13 employees selected for testing did not have the proper support showing that their supervisor sent out an email notifying staff of their separation.
- k. Observe that the checklist provided to the employee was completed, signed and approved by the business manager. Inspect documentation showing that an exit interview took place and something verifying all office property was returned. While testing internal controls over Separations and Leave of Absence policy 6.12, CLA noted 2 out 13 employees selected for testing did not have the proper leave of absence support (supervisor email sent out, checklist complete, exit interview, etc.) documenting their leave. Also, while testing internal controls over Separations and Leave of Absence policy 6.12, CLA noted 1 out 13 employees selected for testing did not have the proper separation support (checklist complete, exit interview, etc.) documenting their separation.
- l. Observe documentation that the payout was provided in the first full pay period following the last day the employee worked. No exceptions noted.
- m. Inspect documentation of the related request for payment and confirm that the Deputy Legislative Auditor or Legislative Auditor approved the payment. No exceptions noted.
- n. Observe a listing of all membership dues that were paid for by the Minnesota Office of the Legislative Auditor. If there is more than one, observe that it met one of the approved exceptions as noted in the applicable policy. No exceptions noted.
- o. Trace the dues paid for on behalf of the employee to the preferred list maintained by the Minnesota Office of the Legislative Auditors. If not included in the list, observe that the Deputy Legislative Auditor or Legislative Auditor Approved the payment. No exceptions noted.

- p. Observe that employees recorded those hours spent on professional activities using the appropriate code in the time management system. If the event was attended during normal working hours, observe it was approved by the employee's supervisor. No exceptions noted.
- q. Trace each Safe and Sick time period utilized by each employee selected to documentation showing the reasoning for the leave and observe it is an approved purpose per the policy that has already been provided to CLA. No exceptions noted.
- r. Inspect documentation showing that the leave was communicated in line with policy and inspect documentation showing that it was reviewed by their manager. No exceptions noted.
- s. Trace each instance of leave to a written request for the leave and inspect the approval was properly documented on the request by the Deputy or Legislative Auditor prior to utilization of the leave. No exceptions noted.
- t. Observe that the request was forwarded to the personnel office and accounting unit by inspecting the email communication. Agree the request to actual hours of leave recorded in timesheets match leave taken to the reduction of the salary savings leave bank for the selected individual. No exceptions noted.
- u. Observe for each employee whether they are covered by the Legislative, Managerial, or Commissioner's plan by inspecting employee file documentation. No exceptions noted.
- v. Trace each instance to a request to work the holiday that was approved by either the Legislative Auditor or the Deputy Legislative Auditor. Observe the request includes the reason for working on the holiday and the number of anticipated hours that would be worked. No exceptions noted.
- w. Observe that if the employee was covered by the Legislative or Managerial Plans that the holiday hours that were approved were sent to the Business Manager by inspecting the email communication related to this. Observe that the employee was not compensated for more than 8 hours of holiday time. No exceptions noted.
- x. From a sample of employees on an alternative schedule, inspect approval documentation by either the Legislative Auditor or a Deputy Legislative Auditor by email. Inspect the alternative work schedule to see if it outlines expectations for paid rest periods and unpaid lunches or breaks. Observe that for any approved alternative schedule that the immediate supervisor, Business Manager, and Human Resources were all made aware. No exceptions noted.
- y. From a sample of employees covered by the Commissioner's Plan that worked overtime, For each employee selected observe that the overtime pay was properly calculated and distributed based on the policy guidelines, and that all required approvals were obtained. No exceptions noted.
- z. Observe that the employee is either exempt or an FLSA-excluded employee and that the employee did not have more than 120 hours accrued in one year. No exceptions noted.

- aa. Observe that the expense was fully reviewed and approved. Inspect any supporting documents for that approval. Confirm that the training does not appear to be for academic credit unless it stated that in the approved request. Observe if it was a reimbursement paid to the employee that the employee has on file proof that they paid for the training initially on file with the organization. No exceptions noted.
- bb. Observe that each employee completed and had on file an annual individual development plan (IDP) as part of the annual performance review process. Observe that the plan includes required trainings for the next year, optional trainings, and certifications the individual is to pursue. While testing internal controls over Staff Training and Development policy 6.07, CLA noted 1 out of 11 employees selected for testing did not complete the mandatory Individual Development Plan (IDP).
- cc. Observe that the IDP is reviewed and approved by the appropriate individuals as prescribed in policy 6.07 Policy on Staff Training and Development. While testing internal controls over Staff Training and Development policy 6.07, CLA noted 1 out of 11 employees selected for testing did not have documentation that their mandatory IDP was properly approved by manager/supervisor.
- dd. For a sample of exam costs that were reimbursed, trace each payment to support showing that the exam was completed successfully prior to the reimbursement being made to the employee. No exceptions noted.
- ee. Observe that the training request form was emailed to the Deputy Legislative Auditor and contains documented approval. Inspect the email support and view that the employee included the reason or anticipated benefit of the training. Observe evidence that the employee was made aware of the Deputy Legislative Auditor's decision on the training. No exceptions noted.
- ff. From a sample of FAD employee reimbursements for trainings, observe that the employee included in their request for reimbursement, evidence of payment, proof of meeting reimbursement requirements, and if an exam was taken, the date, cost, and exam results. Inspect documentation for approval by training approvers with purchasing authority that was forwarded along to the Business Manager. In cases where the approval was performed by someone without purchasing authority the approval should have been sent to the Legislative Auditor instead. Observe that the employee provided certificates to the FAD Administrative Support Specialist and that all trainings participated in for continuing education were added to the FAD training tracker. No exceptions noted.
- gg. For training expenditures over \$500, observe for each that the Business Manager reviewed and approved the expenditure. Observe that the Business manager kept a physical or electronic copy of the approved purchase order, notified the employee and Quality Control Director when the order was placed, ensured the employee received training materials in a timely manner, and kept the confirmation of the order after it was placed. No exceptions noted.

hh. From a sample of non-FAD employees that made a request for free training, observe that the training request form was provided to the Legislative Auditor, Deputy Legislative Auditor, Special Reviews Director, IS Director, or General Counsel (as appropriate) and approved by that appropriate individual. Trace the approval to the initial email request and inspect the email to see if it properly included the reason or anticipated benefit of the training. Inspect documentation supporting that the employee was made aware of the ultimate approval or disapproval of the training expense. Observe the employee has included evidence of payment for the training, proof of meeting reimbursement requirements, and if it included an exam, the date, cost and results of the exam. Inspect documentation for approval by training approvers with purchasing authority that was forwarded along to the Business Manager. In cases where the approval was performed by someone without purchasing authority the approval should have been sent to the Legislative Auditor instead. No exceptions noted.

We were engaged by OLA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on inspection of the payroll related controls. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of OLA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

The purpose of this report is solely to describe the procedures and findings related to inspection of the payroll related controls. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
June 10, 2026