



Minnesota State: Faculty Payroll

Performance Audit

February 2026

Financial Audit Division
Office of the Legislative Auditor
State of Minnesota

Financial Audit Division

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February 24, 2026

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This report presents the results of our performance audit of faculty payroll at Minnesota State for the period July 1, 2022, through December 31, 2024. The objectives of this audit were to determine if Minnesota State had adequate internal controls and complied with significant finance-related requirements regarding faculty payroll.

This audit was conducted by Kayla Borneman, CPA (Audit Director); Gabrielle Johnson, CPA (Audit Team Lead); and auditors Joseph Anderson; Andrea Hess; Sheena Kurth; Lisa Makinen, CPA; Alec Mickelson; and Benjamin Path.

We received the full cooperation of Minnesota State staff while performing this audit.

Sincerely,



Judy Randall
Legislative Auditor



Lori Leysen, CPA
Deputy Legislative Auditor



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Table of Contents

	<u>Page</u>
Introduction.....	1
Report Summary	3
Conclusion	3
Findings and Recommendations	3
Background	5
Audit Scope, Objectives, and Methodology	9
Faculty Payroll	11
Findings and Recommendations	13
Inaccurate Payments	13
Late Payments	19
Appendix A – Faculty Payroll Process Flowchart	23
Appendix B – Compliance Requirements Tested	25
Minnesota State Response	27



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Introduction

Minnesota State is the fourth-largest system of state colleges and universities in the United States. Minnesota State offers affordable higher education across its 54 campuses to approximately 270,000 students each year and employs more than 14,200 faculty and staff.

Auditors focus on internal controls as a key indicator of whether an organization is well managed. Internal controls are the policies and procedures management establishes to govern how an organization conducts its work and fulfills its responsibilities. A well-managed organization has strong controls across all of its internal operations. If effectively designed and implemented, controls help ensure, for example, that inventory is secured, computer systems are protected, laws and rules are complied with, and authorized personnel properly document and process financial transactions.

In this audit, we focused on whether Minnesota State had controls to ensure that it timely and accurately paid faculty members in compliance with state laws, employment agreements, and its policies.

Minnesota State Internal Controls

Internal controls will provide assurance that:

- Financial records are complete and safeguarded.
- Financial information is accurate, reliable and useful for management reporting.

— **Minnesota State Board Policy 7.3,
Financial Administration**



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Report Summary

Conclusion

Minnesota State generally complied with the requirements we tested. However, we identified some instances of noncompliance related to faculty payroll accuracy and timeliness.

Findings and Recommendations

Finding 1. Minnesota State inaccurately compensated some faculty members. (p. 13)

Recommendations

- Minnesota State should review the faculty assignments for faculty members who received inaccurate compensation and make any necessary salary adjustments.
 - Minnesota State should ensure that it accurately records faculty assignment information in its payroll system.
 - Minnesota State should improve its review of faculty assignments and related compensation to ensure errors are identified and corrected.
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Finding 2. Minnesota State did not always compensate faculty members on a timely basis. (p. 20)

Recommendations

- Minnesota State should compensate all faculty members on a timely basis for all assignments.
 - Minnesota State institutions should approve all instructional assignments by the approval deadline.
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Background

Minnesota State has 7 four-year universities and 26 two-year colleges across 54 campuses throughout Minnesota. A Board of Trustees appoints the chancellor and provides strategic direction and governance for Minnesota State.¹ Minnesota State employs more than 14,200 faculty and staff. The faculty are represented by the Minnesota State College Faculty and the Inter Faculty Organization employment agreements, which define the terms of compensation.²

Minnesota State is in the process of replacing its legacy enterprise resource planning system, Integrated Statewide Record System (ISRS), with a system that combines finance, human resources (HR)/payroll, and student components, and streamlines processes and procedures across all campuses.³

In June 2019, Minnesota State released a request for proposals to replace ISRS; it established a total project budget of \$151.1 million.

In November 2020, Minnesota State awarded the contract to Workday, Inc., with a project budget of \$242.7 million.⁴ The original timeline for the project included an implementation date of July 2023 for the finance and HR/payroll components and full implementation of the student component in fall 2026. Due to additions to the scope of the project, extended timeline costs, and additional contingency funds, Minnesota State

increased the total project budget to \$290.4 million as of November 2024. Minnesota State also moved the implementation dates to July 2024 for the finance and HR/payroll components and fall 2029 for the full implementation of the student component.

	Implementation	
	Year	Amount
Original	2026	\$151.1
Revised	2026	\$242.7
Amended	2029	\$290.4

When Minnesota State began looking for a replacement system for ISRS, it was aware of the possibility that it might not be able to find one system that could provide all of the desired functionality. Consequently, one of the functions that was not incorporated into the Workday system was the capability to calculate faculty payroll. According to Minnesota State, this limitation was known during the request for proposals process and, because Workday met many of the other requirements, Minnesota State decided to proceed with the vendor. Minnesota State is still determining how to update its faculty payroll functionality; options include purchasing a separate product, modifying ISRS, creating a new internal system, or modifying Workday, if possible. Until a decision is made, Minnesota State continues to use ISRS to calculate faculty payroll.

¹ *Minnesota Statutes* 2025, 136F.06, and 136F.07.

² The Minnesota State College Faculty employment agreement covers faculty employed by state community and technical colleges. The Inter Faculty Organization employment agreement covers faculty employed by state universities.

³ ISRS consists of Curriculum Management, Faculty Workload Management (FWM), and State Colleges and Universities Personnel and Payroll System (SCUPPS). More information can be found in Exhibit 1.

⁴ We will refer to Workday, Inc. as “Workday” in this report. Minnesota State also refers to their system as “Workday.” The budget increase was primarily due to the project length increasing from five to seven years, the addition of a project contingency fund, and negotiations with the selected vendor.

The workload assignment and payroll processes for faculty are complex and involve several departments and systems. Minnesota State created the HR service center in 2017 to centralize HR and payroll tasks at the system office.⁵ Academic and HR departments at each institution also have roles and responsibilities related to workload assignments and payroll processes.⁶ These processes, as outlined below, rely on the use of multiple systems. See Exhibit 1 for an explanation of the different systems.⁷

- Academic staff determine course sections, assign faculty members, and update workload pay information in the Curriculum Management application.
- The Faculty Workload Management (FWM) application creates instructional assignment records based on the information from Curriculum Management.
- Academic staff create noninstructional and special assignment records and update workload pay information in FWM.
- Academic staff review and approve assignment records in FWM.
- HR service center staff review and process the approved assignment records in FWM.
- State Colleges and Universities Personnel and Payroll System (SCUPPS) creates assignment records and calculates faculty pay based on information from FWM.
- HR service center staff review and process assignment records and create and process pay disbursement records in SCUPPS.
- Workday creates pay distribution records based on information from SCUPPS.⁸
- The Statewide Employee Management (SEMA4) system creates pay distribution records and paychecks based on information from Workday.

⁵ Some Minnesota State institutions chose to resume responsibility for processing faculty transactions for a period of time during our audit scope.

⁶ Generally, academic staff are responsible for tasks related to workload assignments and institution HR staff are responsible for hiring, position information, and payroll processes.

⁷ See Appendix A for a flowchart of the faculty payroll process steps.

⁸ Prior to the implementation of Workday, SCUPPS interfaced directly with SEMA4. This is the only step added due to the implementation of Workday; all other steps remain the same.

Exhibit 1**Systems Used in Minnesota State's Workload Assignment and Payroll Processes**

- **Integrated Statewide Record System (ISRS)** is Minnesota State's legacy computer system. The system consists of applications that support Minnesota State's functional areas, including accounting, HR, purchasing, student registration, accounts receivable, and financial aid.
 - **Curriculum Management** is an ISRS application that allows institutions to manage academic and course registration data.
 - **Faculty Workload Management (FWM)** is an ISRS application that allows users to review, update, approve, and process workload records.
 - **State Colleges and Universities Personnel and Payroll System (SCUPPS)** is an ISRS application that contains faculty assignment and pay disbursement records.
- **Workday** is Minnesota State's current HR system of record. It relies on data from SEMA4 to complete the faculty hiring process and relies on data from ISRS to create pay distribution records. This information interfaces with SEMA4 to produce a paycheck. Minnesota State partially implemented Workday in July 2024; prior to this, ISRS interfaced directly with SEMA4 to produce a paycheck.
- **Statewide Employee Management (SEMA4) system** is the State of Minnesota's HR and payroll system. It consists of HR processing, payroll processing, benefits processing, and reporting. Information from Workday is sent to SEMA4 via a bi-weekly interface.

Source: Office of the Legislative Auditor, based on information provided by Minnesota State.



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Audit Scope, Objectives, and Methodology

In 2024, the Legislative Audit Commission requested that the Office of the Legislative Auditor (OLA) audit or evaluate the accuracy and timeliness of Minnesota State's faculty payroll. We subsequently determined that the questions were best suited for an audit by OLA's Financial Audit Division.

We conducted this audit to determine whether Minnesota State complied with the requirements we tested. The audit scope included faculty payroll, and the period under examination went from July 1, 2022, through December 31, 2024. Exhibit 2 shows the gross pay and number of faculty members by Minnesota State institution during the audit.

We conducted this performance audit in accordance with generally accepted government auditing standards.⁹ Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. When sampling was used, we used a sampling method that complies with generally accepted government auditing standards and that supports our findings and conclusions. That method does not, however, allow us to project the results we obtained to the populations from which the samples were selected.

We assessed internal controls against the internal control standards published by the U.S. Government Accountability Office.¹⁰ To identify compliance requirements for the activity we reviewed, we examined state laws, state contracts, and policies and procedures established by Minnesota Management and Budget, as well as internal policies and procedures established by Minnesota State.¹¹

⁹ Comptroller General of the United States, Government Accountability Office, *Government Auditing Standards, 2018 Revision* (Technical Update April 2021).

¹⁰ Comptroller General of the United States, Government Accountability Office, *Standards for Internal Control in the Federal Government* (September 2014). In September 2014, the State of Minnesota adopted these standards as its internal control framework for the executive branch.

¹¹ Appendix B displays the specific compliance requirements we tested.

Exhibit 2
Faculty Payroll, July 1, 2022, Through December 31, 2024

Institution	Gross Pay	Number of Faculty Members ^a
Minnesota State University, Mankato	\$ 191,832,362	1,350
St. Cloud State University	130,607,226	906
Winona State University	103,454,378	827
Metropolitan State University	81,559,671	957
Minnesota State University Moorhead	66,296,290	528
Century College	62,357,202	684
Normandale Community College	59,515,669	424
Bemidji State University	56,961,588	458
Anoka-Ramsey Community College	48,159,879	427
Minneapolis Community and Technical College	46,010,146	420
Southwest Minnesota State University	43,593,300	439
Minnesota State Community and Technical College	42,147,917	453
Saint Paul College	40,207,104	369
Minnesota North College	40,573,496	619
Hennepin Technical College	39,002,431	441
North Hennepin Community College	36,466,581	271
Rochester Community and Technical College	35,991,656	384
St. Cloud Technical and Community College	35,747,297	385
Ridgewater College	32,343,112	425
Lake Superior College	29,153,143	376
South Central College	29,091,698	314
Inver Hills Community College	28,142,264	265
Central Lakes College	27,222,743	239
Minnesota West Community and Technical College	26,705,862	367
Riverland Community College	24,889,639	321
Northland Community and Technical College	24,758,896	242
Alexandria Technical and Community College	24,592,817	380
Dakota County Technical College	24,547,647	290
Anoka Technical College	17,671,218	158
Minnesota State College – Southeast	15,863,037	173
Fond du Lac Tribal and Community College	12,804,087	253
Pine Technical and Community College	8,536,008	140
Northwest Technical College	7,819,978	80
Other ^b	2,102,008	19
Total	\$1,496,728,349	14,384

^a Some faculty members were paid from multiple institutions. Minnesota State paid a total of 13,060 faculty members during the audit period.

^b “Other” includes approximately \$2,077,000 paid from the system office for nonfaculty positions and \$25,000 for faculty positions.

Source: Office of the Legislative Auditor, based on data in the state’s accounting system and Minnesota State’s Integrated Statewide Record System (ISRS).

Faculty Payroll

We reviewed faculty payroll on a sample basis at four randomly selected institutions: two four-year universities and two two-year colleges. Exhibit 3 shows the gross pay, total number of faculty members, and number of faculty members sampled for the selected institutions during the audit.

Exhibit 3

Faculty Payroll for Selected Institutions, July 1, 2022, Through December 31, 2024

Institution	Gross Pay ^a	All Faculty Members	Sampled Faculty Members
Winona State University	\$106,970,388	827	60
Minnesota State University Moorhead	68,860,984	528	60
Alexandria Technical and Community College	29,495,590	380	62
Northwest Technical College	11,189,643	80	20

^a These amounts are greater than those in Exhibit 2 because we included all of a faculty member's payroll across all Minnesota State institutions and all positions, including pay for nonfaculty positions. Nonfaculty positions are those that are not covered by the Minnesota State College Faculty and the Inter Faculty Organization employment agreements.

Source: Office of the Legislative Auditor, based on data in the state's accounting system and Minnesota State's ISRS.

We designed our work to determine whether Minnesota State accurately compensated faculty members and timely approved faculty payroll records in compliance with the requirements we tested (as listed in Appendix B). We also assessed the adequacy of Minnesota State's internal controls. Exhibit 4 lists the areas we tested related to faculty payroll, our methodology for testing those areas, and the results of our tests.

Exhibit 4
Faculty Payroll: Area Tested, Testing Methodology, and Result

Area Tested	Testing Methodology	Result
Appointment Type	We tested that the payroll records accurately reflected the appointment type for 202 faculty members.	No issues.
Assignment Pay	We tested the accuracy of pay for all assignments for 202 faculty members. ^a	See Finding 1 on page 13.
	We tested the timeliness of pay for all assignments for 202 faculty members.	See Finding 2 on page 20.
HR Service Center Processing of Assignments	We tested that all faculty assignments recorded in Faculty Workload Management (FWM) for 202 faculty members were reviewed and processed by HR service center staff. ^b	No issues.
Institution Approval of Assignments	We tested that all faculty assignments recorded in FWM for 202 faculty members were approved by institution staff.	No issues.
	We tested that all faculty assignments recorded in FWM for 202 faculty members were approved in a timely manner by institution staff.	See Finding 2 on page 20.
Pay Rates and Increases	We tested the accuracy of pay rates and pay rate increases for 202 faculty members.	No issues.
Salary Placement	We tested the appropriateness and approval of salary for 32 faculty members who were newly hired.	No issues.
Student Enrollment	We verified that all instructional assignments for 154 faculty members had one or more enrolled students. ^c	No issues.

^a "Assignments" means all assignment types for both faculty and nonfaculty positions.

^b "Faculty assignments" are assignment types specifically for faculty positions.

^c "Instructional assignments" are faculty assignments that are credit-based, course assignments.

Source: Office of the Legislative Auditor.

Findings and Recommendations

Inaccurate Payments

Minnesota State's faculty employment agreements define the terms of faculty compensation. Typically, Minnesota State pays faculty based on the course credits taught or duty days worked. Although a faculty member may have an initial course schedule, an institution may drop or add a course based on student enrollment. In addition, a faculty member's compensation could change if they have overload, noninstructional, or special assignments, such as customized training or chairperson duties.

Each institution's academic department is responsible for entering and approving faculty assignments into the Integrated Statewide Record System (ISRS). Minnesota State's human resources (HR) service center is responsible for processing faculty assignments and ensuring they are accurately paid.

Minnesota State had been aware of faculty payroll issues prior to the implementation of Workday.¹² We observed many instances where Minnesota State had identified and corrected inaccurate payments; however, we found additional issues.

Faculty Assignment Definitions

- **Course credits:** credits assigned to each course taught
- **Duty days:** days included in the institution calendar, or individual faculty member's assignment, on which a faculty member engages in duties
- **Overload assignments:** specific assignments, approved by an institution's president or their designee, that are in excess of a faculty member's workload
- **Noninstructional or special assignments:** noncourse assignments that are part of a faculty member's workload and are based on credits or duty days

FINDING 1

Minnesota State inaccurately compensated some faculty members.

Minnesota State inaccurately paid 19 out of 202 faculty members we tested. We performed additional testing and identified another 38 faculty members who Minnesota State paid inaccurately.¹³ In addition to the errors in faculty compensation, Minnesota State also did not accurately record workload assignments in its payroll system, as detailed below.

¹² Issues increased with the implementation of Workday. For instance, there were interface issues with transferring data between ISRS and Workday.

¹³ Based on the results of our initial testing, we expanded our testing to the entire faculty populations at the four institutions where we performed sample testing. For this expanded population, we tested specifically for the errors identified in the first three bullets of the finding that caused those initial faculty members to be inaccurately paid. Based on this expanded testing, we found an additional 38 inaccurately paid faculty members from our analysis. The additional testing does not capture the full extent of all of the issues found.

- **Part-time faculty members.** Minnesota State University Moorhead (Moorhead) and Winona State University (Winona) inaccurately compensated two part-time faculty members. Moorhead overpaid a faculty member by \$15,534, and Winona overpaid a faculty member by \$8,871. In both instances, the HR service center did not update Minnesota State’s payroll and personnel system to correctly reflect the number of credits taught.

Due to these errors, we performed additional testing to review all faculty members with less than a full-credit workload and found two more faculty members who Moorhead overpaid due to the same reason.¹⁴ Moorhead overpaid the additional two faculty members by \$16,288 and \$5,846, respectively.

- **Noninstructional project assignments.** Winona underpaid six faculty members between a total of \$12 and \$119 for noninstructional project assignments. In each instance, Winona’s academic departments used the wrong assignment-type code for these specific assignments. Winona intended these assignments to be paid based on a certain number of duty days; however, based on Winona’s approved assignment-type code, the HR service center calculated payment based on a flat rate at a point in time. This meant that these assignments were not retroactively adjusted for salary increases.

Due to these identified errors, we performed additional testing of the compensation paid to all faculty members at Moorhead and Winona who were paid for this assignment-type code. We did not identify any issues at Moorhead. However, we identified an additional 27 Winona faculty members who were underpaid between \$10 and \$1,932 for these assignments.

The underpayment for the 33 Winona faculty members totaled \$3,521. Winona has since stopped using this assignment-type code for assignments based on duty days.

- **Workday assignment length.** Winona overpaid one faculty member by \$265 for a part-time instruction assignment.¹⁵ During the implementation of Workday, Minnesota State discovered that Workday was not able to process assignments that are longer than 365 days. In order to correctly compensate faculty members affected by this limitation, institutions ended the assignments after one year and then manually calculated the compensation earned for any additional days. When generating the list of faculty members that would be affected by this, Winona only included those who were full-time. However, because this faculty member changed from part-time status to full-time status when Workday was being implemented, they were mistakenly omitted. Due to this, Winona incorrectly duplicated the compensation on the last check of Fiscal Year 2024.

¹⁴ The additional testing was limited to the original four institutions where we performed sample testing.

¹⁵ This is the same faculty member included in the “Part-time faculty members” bullet that was overpaid by \$8,871, resulting in a total overpayment of \$9,136 for this individual.

Based on this error, we performed additional testing to review all faculty members who moved from a part-time appointment in Fiscal Year 2024 to a full-time appointment in Fiscal Year 2025.¹⁶ We did not identify any other issues.

- **Part-time appointment status.** Minnesota State University, Mankato (Mankato) underpaid a faculty member \$9,610 who should have retroactively received pay based on a part-time status.¹⁷ This faculty member was correctly designated as adjunct status for fall 2022.¹⁸ However, the combined total credits taught between fall 2022 and spring 2023 moved the faculty member to part-time status, and Mankato did not correctly compensate the faculty member at the part-time rate for the entire academic year as required by Minnesota State’s faculty employment agreement.¹⁹ The Mankato HR department’s review of this faculty member’s assignments did not identify this error.
- **Technical college faculty members.** A few institutions miscalculated compensation amounts for four former technical college faculty members.²⁰ Northwest Technical College (Northwest) underpaid two faculty members by \$1,284 and \$642, respectively; Dakota County Technical College (Dakota County) underpaid a faculty member by \$3,315; and Anoka Technical College (Anoka) overpaid a faculty member by \$562. For both Northwest and Dakota County, the institutions’ HR departments used the technical college job code, but should have moved the faculty members to the community college job code starting on July 1, 2024.²¹ The Anoka faculty member had the correct community college job code, but Anoka’s HR department incorrectly left the faculty member on the technical college compensation grid. The error caused the faculty member to receive a 2.5 percent additional compensation that should have been provided only to technical college faculty members.²² The HR service center’s review of the faculty members’ assignments did not identify these errors.

¹⁶ The additional testing was limited to the original four institutions where sample testing was performed.

¹⁷ This compensation error occurred during the period in which Mankato resumed responsibility for faculty transactions.

¹⁸ A university adjunct faculty member teaches 12 or fewer credits per academic year.

¹⁹ Inter Faculty Organization, *Master Agreement Between the Minnesota State Colleges & Universities Board of Trustees and Inter Faculty Organization*, for July 1, 2021–June 30, 2023, art. 11, sec. J.

²⁰ The United Technical College Educators (UTCE) and the Minnesota Community College Faculty Association (MCCFA) bargaining units merged to form the Minnesota State College Faculty bargaining unit in 2001. The former UTCE (technical college) faculty members’ workload is based on 32 credits per academic year, and the former MCCFA (community college) workload is based on 30 credits.

²¹ Until July 1, 2024, Minnesota State placed faculty members employed specifically at the technical colleges on the technical college job code regardless of credential fields. Credential fields refer to defined areas of knowledge and skill related to specific programs, services, or academic disciplines, for which system-established minimum qualifications have been created. Starting on July 1, 2024, Minnesota State should have moved those technical college faculty members to the community college job code if their credential fields were in general education fields, such as English or biology. Because this issue affects multiple technical colleges, there are likely more errors. However, due to time constraints, we did not expand testing.

²² Minnesota State College Faculty, *Master Agreement Between the Minnesota State Board of Trustees and the Minnesota State College Faculty*, for July 1, 2023–June 30, 2025, art. 13, sec. 7, subd. 3.

- **Assignment approval.** Moorhead underpaid a faculty member by \$4,784 for a noninstructional assignment. Moorhead entered the assignment into Faculty Workload Management (FWM), but the assignment was never approved by the appropriate staff member. The staff member responsible for approving the assignment ended their employment with Moorhead, and the institution did not have a process in place to identify pending assignments that needed to be transferred to a new approver.
- **Overload assignments.** Moorhead and Winona each overpaid a faculty member for overload assignments. Moorhead overpaid a faculty member's overload assignment by \$1,659. The institution increased the faculty member's credit load after the processing of Fiscal Year 2023 assignments was closed within FWM. In order to compensate the faculty member, the HR service center manually entered the overload assignment into the State Colleges and Universities Personnel and Payroll System (SCUPPS), but they incorrectly calculated the amount as normal instructional pay instead of overload pay.²³

Winona overpaid a faculty member's overload assignment by \$1,532. The institution reduced the faculty member's workload after the overload assignment had already been paid. This resulted in an initial overpayment of \$2,042. The institution caught the overpayment and used a noninstructional project assignment of \$510 to partially offset this overpayment. Winona's HR department attempted to set up a recoupment plan for the remaining \$1,532, but the faculty member did not respond. The institution then planned to recoup the remaining amount during the following academic year; however, the faculty member terminated employment before the next academic year started. Winona's legal affairs department attempted to contact the former faculty member via letter with no response. The institution was still unable to reach the former faculty member at the time of this audit report.

- **Base salaries.** Alexandria Technical and Community College (Alexandria) and Northwest inaccurately compensated a total of six faculty members due to entering an incorrect base salary. Alexandria underpaid two faculty members by \$5,772 and \$175, respectively, and overpaid one faculty member by \$824. In these three instances, the institution updated the base salary for the faculty members after the assignments were processed. However, the system did not recalculate their pay with the updated base salary. For two of the three faculty members, the errors occurred during the implementation of Workday, which had issues interfacing with other systems. For the third faculty member, Minnesota State is unsure why their pay was not recalculated.

Alexandria paid another faculty member at a higher adjunct rate than the rate on their appointment notice letter, resulting in an \$890 overpayment.

²³ Inter Faculty Organization, *Master Agreement Between the Minnesota State Colleges & Universities Board of Trustees and Inter Faculty Organization*, for July 1, 2021–June 30, 2023, art. 12, sec. B, subd. 1.

Finally, Alexandria underpaid a faculty member by \$11 for additional time worked for a librarian assignment because the institution incorrectly used the adjunct rate instead of the faculty member's salary.²⁴

Northwest overpaid a faculty member by \$135 because its HR department applied the 2.5 percent additional compensation twice to the faculty member's base salary. Northwest's HR department did not realize the additional compensation was already applied to the faculty member's base salary and applied it a second time.

- **Workday implementation.** Moorhead and Inver Hills Community College (Inver Hills) inaccurately compensated three faculty members due to interface issues during the implementation of Workday. Moorhead underpaid a faculty member by \$793, and Inver Hills overpaid a faculty member by \$300. In both instances, edits made by the HR service center to SCUPPS did not correctly interface with Workday. The HR service center now has reporting available to identify whether edits are not updated in Workday, so errors such as these can be corrected.²⁵

Moorhead underpaid another faculty member by \$581 due to an issue between Workday and the Statewide Employee Management (SEMA4) system in which an edit to Workday failed to update in SEMA4. The institution identified the issue and requested an off-cycle check for the missed pay.²⁶ The HR service center correctly issued an off-cycle check for the first amount in fall 2024, but missed the last amount for spring 2024.

- **Salary increases.** Four institutions underpaid three faculty members due to not accounting for their salary increases. One faculty member who was employed at multiple institutions did not receive compensation for a career step at two of the institutions.²⁷ Northwest underpaid the faculty member by \$550, and Dakota County underpaid the faculty member by \$244. This individual was active at other institutions in fall 2022, but not at Northwest or Dakota County when they received a career step. The two institutions' HR departments did not update the

²⁴ Minnesota State College Faculty, *Master Agreement Between the Minnesota State Board of Trustees and the Minnesota State College Faculty*, for July 1, 2021–June 30, 2023, and for July 1, 2023–June 30, 2025, art. 10, sec. 5, subd. 2, states, "Librarians who accept extra days assignments to perform normal library services beyond their academic year assignment shall have their work load for such extra days determined in the same manner as for the academic year."

²⁵ For the Moorhead error, the institution's HR department did not enter the credit rate in Workday during implementation, which resulted in Workday sending the incorrect base salary to SCUPPS. The HR service center manually updated SCUPPS during its review but did not know that Workday also needed to be manually updated. During the next update between the systems, the corrected rate in SCUPPS was replaced by the incorrect rate still in Workday.

²⁶ An off-cycle check is one that is issued between regular bi-weekly payroll cycles.

²⁷ A career step is a salary increase on the salary schedule that is provided to faculty members who have completed 12, 15, or 20 consecutive years of service under the Minnesota State College Faculty employment agreement and return to teach in the current academic year.

faculty member's salary when the faculty member returned to their institutions in summer 2023.²⁸

For the remaining two faculty members, the HR service center did not apply the correct salary increases. One faculty member at North Hennepin Community College was underpaid by \$206 due to the HR service center not applying the faculty member's career step increase to all of the faculty member's assignments. Another faculty member at Moorhead was underpaid by \$236 due to the HR service center not applying the faculty member's salary equity review increase to all of the faculty member's assignments.²⁹

- **Head coach position.** Moorhead overpaid a faculty member by \$385 for a head coach position. Two different errors contributed to the overpayment. One of the errors was due to the HR service center only processing one \$229 payment when the faculty member should have received two payments of that amount. The other error occurred because the faculty member was originally placed in the wrong appointment status. When the HR service center corrected this issue, a duplicate payment of \$614 was incorrectly paid to the faculty member. The two errors resulted in a net overpayment of \$385.

As detailed above, faculty members received inaccurate compensation for a number of different reasons. Inaccurate compensation results in additional administrative burden for the institutions and potential hardship for faculty members. Further, when faculty members are overpaid, it creates risk for the institutions that they will not recover the overpaid funds. Inaccurate compensation also results in inaccurate planning and budgeting data for each institution and the Minnesota State system as a whole.

RECOMMENDATIONS

- **Minnesota State should review the faculty assignments for faculty members who received inaccurate compensation and make any necessary salary adjustments.**
 - **Minnesota State should ensure that it accurately records faculty assignment information in its payroll system.**
 - **Minnesota State should improve its review of faculty assignments and related compensation to ensure errors are identified and corrected.**
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²⁸ This is the same faculty member included in the "Technical college faculty members" bullet that was underpaid by \$3,315, resulting in a total underpayment to this individual of \$4,109.

²⁹ A salary equity review is completed when a faculty member is promoted or if the faculty member submits proof of completion of a terminal degree. A terminal degree is the highest degree one can obtain in their field of study. Based on this review, the HR service center will increase the faculty member's salary accordingly.

Late Payments

The employment agreement for faculty working at two-year colleges requires that Minnesota State compensate faculty by the pay date following the two-week pay period in which the work began.³⁰ The employment agreement for faculty at four-year universities does not have a similar requirement.³¹ However, state law requires employers to follow this requirement.³² In order to help ensure that Minnesota State pays faculty on time, the HR service center establishes approval deadlines for each fiscal year. These deadlines are the dates by which institutions must approve faculty assignments to ensure faculty are paid on time for their work.

Minnesota State institutions establish faculty assignments in either the Curriculum Management or Faculty Workload Management (FWM) application. Academic staff establish *instructional*, credit-based assignments in Curriculum Management, which then interfaces with FWM.³³ Academic staff establish *noninstructional* or *special* assignments—such as new instructor workshops, customized trainings, chairpersons, and campus club advisors—directly in the FWM application.³⁴ Academic staff approve assignments in FWM, and HR service center staff process all assignments from FWM entries.

Faculty members are paid using various methods, depending on appointment type or assignment type, and at the discretion of the institution or as selected by the faculty member. For instance, assignments can be paid over a 9-month or 12-month period, over a semester, over the length of an assignment, or as a lump sum.³⁵

³⁰ Minnesota State College Faculty, *Master Agreement Between the Minnesota State Board of Trustees and the Minnesota State College Faculty*, for July 1, 2021–June 30, 2023, and for July 1, 2023–June 30, 2025, art. 4, sec. 2.

³¹ Inter Faculty Organization, *Master Agreement Between the Minnesota State Colleges & Universities Board of Trustees and Inter Faculty Organization*, for July 1, 2021–June 30, 2023, and for July 1, 2023–June 30, 2025.

³² *Minnesota Statutes* 2025, 181.101 (a).

³³ Each instructional assignment is one course per semester.

³⁴ Customized training is instruction with an occupational or professional focus offered to the general public or instruction offered via contract to a specific customer. Minnesota State classifies substitute teaching as instructional. However, we categorized this assignment type as a noninstructional or special assignment due to how it is processed in the system.

³⁵ Minnesota State policy allows lump sum payments for all faculty members. However, only the employment agreement for faculty working at two-year colleges includes specific language allowing this. Minnesota State College Faculty, *Master Agreement Between the Minnesota State Board of Trustees and the Minnesota State College Faculty*, for July 1, 2021–June 30, 2023, and for July 1, 2023–June 30, 2025, art. 4, sec. 2, subd. 1.

FINDING 2

Minnesota State did not always compensate faculty members on a timely basis.

Instructional assignments. For 85 out of 202 faculty members we tested, Minnesota State did not compensate faculty members timely for at least one instructional assignment.³⁶

Exhibit 5 shows the number of instructional assignments at each institution we tested, the number of instructional assignments paid late, and the number of faculty members at each institution we tested who had at least one instructional assignment paid late.

Exhibit 5 Late Payments for Instructional Assignments

Institution	Assignments Tested	Assignments Paid Late Within 14 Days	Assignments Paid Late 15 Days or More ^b	Faculty Members Paid Late ^c
Sampled Institution				
Winona State University	915	44	54	30
Minnesota State University Moorhead	708	31	15	18
Alexandria Technical and Community College	568	16	42	21
Northwest Technical College	405	12	9	8
Nonsampled Institution^a				
Anoka Technical College	2	–	–	–
Bemidji State University	29	–	2	2
Century College	11	–	–	–
Dakota County Technical College	5	5	–	1
Hennepin Technical College	1	1	–	1
Inver Hills Community College	69	5	1	2
Lake Superior College	65	2	2	2
Minnesota State University, Mankato	32	–	–	–
North Hennepin Community College	6	–	–	–
Northland Community and Technical College	94	–	6	1
Normandale Community College	5	–	–	–
Ridgewater College	2	–	–	–
Saint Paul College	26	–	4	1
South Central College	14	1	–	1
Total	2,957	117	135	88

^a These institutions were included in our testing only because some faculty members included in our testing from the four sampled institutions also worked at these institutions during our audit scope.

^b Minnesota State paid faculty members between 17 and 364 days late for the corresponding instructional assignments.

^c Some faculty members are counted more than once in this column if they were paid late by more than one institution.

Source: Office of the Legislative Auditor, compilation of testing results.

³⁶ We reviewed all instructional assignments for each faculty member tested.

The institutions' academic departments did not approve the instructional assignments by the approval deadline for a majority of the instructional assignments for which faculty members were paid late. Based on discussions with the HR departments, instructional assignments are approved late for a variety of reasons, including:

- Academic staff do not approve certain course types (including enrollment-based courses, internships, and independent study courses) until after the drop/add deadlines, which are after the start date for the courses.³⁷
- Academic staff often wait to approve courses with “overload” pay until they have finalized regular course workloads. Similarly, they wait to approve summer courses until determining exactly which courses will be offered based on enrollment numbers, and they wait to approve courses being taught by adjunct faculty members who will be filling any gaps for the semester.³⁸
- In some instances, academic staff have a large volume of assignments to approve at one time and are unable to meet the approval deadline.

As a result, faculty members are being paid late, which could cause financial hardship for some of the faculty members. Correcting for late payments also adds to the administrative burden for Minnesota State and increases the chance of incorrect payments.

Noninstructional or special assignments. We tested 1,022 additional noninstructional or special assignments and found many more instances where Minnesota State paid these assignments late, based strictly on the start date of the assignment. Academic staff do not enter and approve an assignment until after the start or completion date for many noninstructional or special assignment types, including new instructor workshops, customized trainings, substitute teaching, campus club advisors, and registration advisors. Many of the noninstructional or special assignments rely on the faculty member or their supervisor to complete a request for payment before the assignment is entered, approved, and processed.

Although Minnesota State policy allows lump sum payments for noninstructional or special assignments, it is unclear whether this type of payment complies with state law. However, it seems reasonable that payment for some of these assignment types should wait until after completion of the assignment to determine the amount of compensation. For example, to ensure payment for customized trainings accurately reflects actual time worked, Minnesota State relies on the faculty member or their supervisor to complete a request for payment before the assignment is entered, approved, and processed. Minnesota State should consider clarifying the timing of payment for these assignments in the employment agreements.

³⁷ The drop/add deadline is the last day for students to adjust their course schedule.

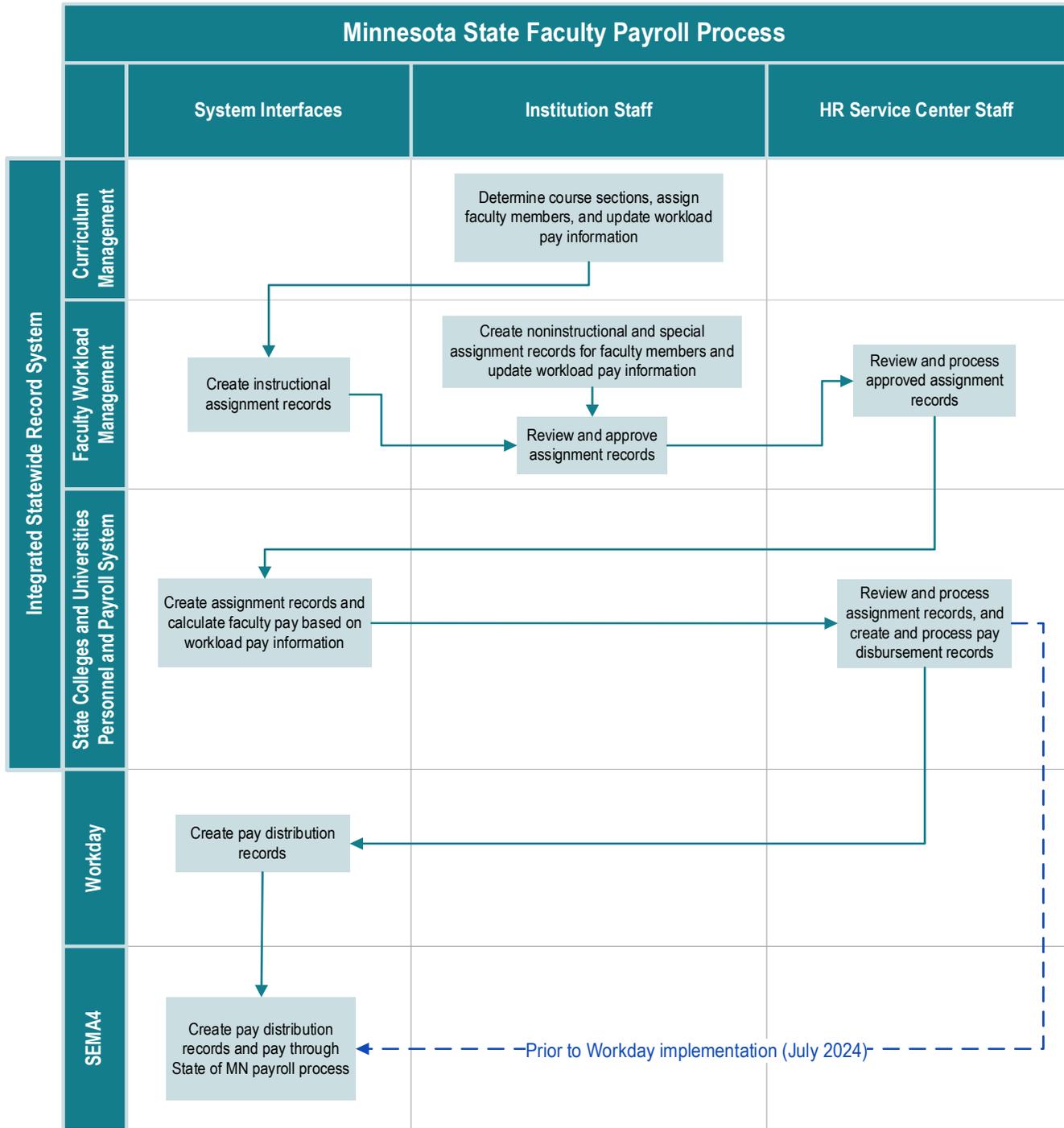
³⁸ “Overload” assignments are specific assignments, approved by an institution’s president or their designee, that are in excess of a faculty member’s workload. The workload for a university adjunct faculty member is to teach 12 or fewer credits per academic year. The workload for a college adjunct faculty member is to teach fewer than five credits per semester or three or fewer credits in a summer session.

Fall 2025. Finally, at the end of the audit, we became aware of a more recent issue in which 737 faculty members received no pay or only partial pay for faculty assignments that started in fall 2025. These faculty members should have begun receiving pay on September 5, 2025. A majority of the late payments were due to late approval of faculty assignments, similar to what we found in our audit.

RECOMMENDATIONS

- **Minnesota State should compensate all faculty members on a timely basis for all assignments.**
 - **Minnesota State institutions should approve all instructional assignments by the approval deadline.**
-

Appendix A – Faculty Payroll Process Flowchart



Source: Office of the Legislative Auditor.



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Appendix B – Compliance Requirements Tested

Area Tested	Compliance Requirement
Faculty Payroll	<ul style="list-style-type: none"> • Compensation provisions in the American Federation of State, County, and Municipal Employees (AFSCME) agreement for July 1, 2021–June 30, 2023, and for July 1, 2023–June 30, 2025 • Compensation provisions in the Inter Faculty Organization (IFO) master agreement for July 1, 2021–June 30, 2023, and for July 1, 2023–June 30, 2025 • Compensation provisions in the Minnesota Association of Professional Employees (MAPE) agreement for July 1, 2021–June 30, 2023, and for July 1, 2023–June 30, 2025 • Compensation provisions in the Minnesota State College Faculty (MSCF) master agreement for July 1, 2021–June 30, 2023, and for July 1, 2023–June 30, 2025 • Compensation provisions in the Minnesota State University Association of Administrative and Service Faculty (MSUAASF) master agreement for July 1, 2021–June 30, 2023, and for July 1, 2023–June 30, 2025 • Minnesota State, Human Resources Service Center assignment approval deadlines, for fiscal years 2022 through 2025 • <i>Minnesota Statutes 2025, 181.101(a)</i>

Source: Office of the Legislative Auditor.



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February 20, 2026

Judy Randall, Legislative Auditor
Office of the Legislative Auditor
Centennial Building
658 Cedar Street
St. Paul, MN 55155

Dear Ms. Randall,

The purpose of this letter is to respond to the recently completed performance audit of faculty payroll at Minnesota State for the period from July 1, 2022, through December 31, 2024. Overall, we are pleased the OLA payroll audit found Minnesota State has generally complied with the requirements tested.

We have evaluated all of the findings and have taken action to implement the necessary improvements. Below, please find specific responses to the audit findings and recommendations.

Finding 1. Minnesota State inaccurately compensated some faculty members. (p. 13)

Minnesota State agrees with this finding and remains committed to strengthening the accuracy and consistency of faculty compensation. The HR Service Center currently monitors and reports the number of overpayments and underpayments by institution, publishing quarterly dashboards that include institution specific details, systemwide trends, and identified root causes. These data inform targeted training, process improvements, and resource allocation.

Recommendations:

Minnesota State should review the faculty assignments for faculty members who received inaccurate compensation and make any necessary salary adjustments.

Minnesota State agrees. All known or reported pay discrepancies are corrected immediately once verified. The HR Shared Services team partners closely with campus HR offices to determine root causes and to prevent recurrence through process refinement, system configuration updates, and campus or system-level training. (On-going)

Responsible: Senior System Director for HR Operations and Campus HR Directors

Minnesota State should ensure that it accurately records faculty assignment information in its payroll system.

Minnesota State agrees. Accurate faculty assignment records require clear coordination across campus Academic Affairs, Finance, and HR offices, as well as the HR service center. To strengthen accuracy and transparency, Minnesota State is implementing the following actions:

- Standardizing faculty assignment entry practices across campuses using updated guidance and job aids within the Faculty Workload Management (FWM) application. (Complete)
- Expanding system-led training, including refresher sessions for Academic Affairs and HR staff responsible for assignment entry and approval. (Complete and Ongoing)
- Enhancing validation checkpoints within FWM and downstream HRIS processes to identify missing or inconsistent data before processing. (Ongoing)

Responsible: Minnesota State Director of Academic Workforce Technology

- Improving cross functional communication workflows, including earlier sharing of hiring and assignment information between Academic Affairs and HR to reduce late changes. (Ongoing)

Responsible: Senior Vice Chancellor for Academic Affairs, Vice Chancellor for Human Resources, Campus Senior Academic Officers and Chief Human Resources Officers

Minnesota State should improve its review of faculty assignments and related compensation to ensure errors are identified and corrected.

Minnesota State agrees. System leadership initiated a continuous improvement project with representation from all relevant functional areas. This project is focused on improving the accuracy and consistency of faculty assignment entry, workload calculations, compensation, and associated benefits.

Minnesota State's Director of Academic Workforce Technology regularly presents at cross functional forums to explain how the Faculty Workload Management (FWM) system and its related data sources function, how data flows between systems, and how specific inputs drive workload and compensation outcomes. These ongoing engagements support consistent practices, shared understanding, and stronger internal oversight.

Responsible: Vice Chancellor for Human Resources

Finding 2. Minnesota State did not always compensate faculty members on a timely basis. (p. 20)

Minnesota State agrees with this finding. System leadership is actively partnering with campus HR Offices, the system office, and the HR Service Center to improve the timeliness of payment for all employees, with focused attention on contingent faculty. The most frequent causes of late or incorrect pay are late hires, late workload adjustments, and delayed approvals of assignments within the Faculty Workload Management (FWM) system. While some late adjustments are unavoidable at the beginning of each semester, these delays narrow the processing window prior to payroll deadlines.

Campus HR and Academic Affairs leaders are committed to maintaining timely communication with faculty whose assignments change after approval deadlines, so expectations are clear and consistent.

Recommendations

Minnesota State should compensate all faculty members on a timely basis for all assignments.

Minnesota State agrees. Timely and accurate compensation is a systemwide priority. Minnesota State will continue to streamline and improve hiring and workload approval processes, strengthen the use of Service Level Agreements, and enhance internal monitoring to ensure faculty members are compensated promptly for all approved assignments.

Minnesota State institutions should approve all instructional assignments by the approval deadline.

Minnesota State agrees. Enrollment fluctuations at the start of each semester create challenges for academic scheduling and timely approval of instructional loads. To minimize delays, the Vice Chancellor for Human Resources and the Senior Vice Chancellor for Academic and Student Affairs issued a joint memo reinforcing workload approval deadlines and emphasizing the importance of collaboration between Academic Affairs, campus HR, and the HR Service Center.

The memo also urged campuses to approve pending faculty workload assignments as early as feasible, communicate anticipated late approvals to the HR Service Center in advance, and to adhere to established deadlines to reduce payroll errors and delays.

Responsible: Senior Vice Chancellor for Academic Affairs, Vice Chancellor for Human Resources, Campus Senior Academic Officers and Chief Human Resources Officers

On behalf of Minnesota State Colleges and Universities, please extend our appreciation to the audit managers and audit staff who conducted the audit.

Respectfully,



Eric Davis
Vice Chancellor for Human Resources
Minnesota State

cc: Scott Olson, Chancellor
Satasha Green-Stephen, Senior Vice Chancellor for Academic Affairs
Amy Jorgenson, Minnesota State Chief Audit Officer

Minnesota State is an affirmative action, equal opportunity employer and educator.



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