

**SOUTH DAKOTA BOARD OF REGENTS**

**Budget and Finance**  
**Consent**

**AGENDA ITEM: 5 – N**  
**DATE: April 3-4, 2024**

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**SUBJECT**

**FY23 Annual Comprehensive Financial Report (ACFR) Audit Update**

**CONTROLLING STATUTE, RULE, OR POLICY**

[SDCL § 4-11-2](#) – Annual Audit of State Accounts

**BACKGROUND / DISCUSSION**

The FY23 Statewide Annual Comprehensive Financial Report (ACFR) was released in December of 2023. The Board of Regents (BOR) is considered a component unit of the state of South Dakota in the ACFR. The Department of Legislative Audit (DLA) is charged with providing an audit opinion on the ACFR and performs an audit of the BOR financial statements to help arrive at this opinion.

DLA does not issue an audit opinion specifically for BOR. The lack of an audit opinion does not change the fact that our financial information is looked at extensively. DLA sends auditors to both SDSU and USD. They spend time with the campuses looking at both items specific to those two campuses as well as looking at system procedures and controls. They also use Banner (our ERP) to pull documents and review transactions remotely for the four smaller campuses and review them for accuracy and appropriateness. Phone interviews are conducted with the controllers at all campuses. Because of the size of our finances as a percentage of state government, DLA spends a significant amount of time making sure our statements are free of material misstatements. For FY23, there were no audit findings. There were two mandatory auditor adjustments for the BOR system, both related to foundation activities.

**IMPACT AND RECOMMENDATIONS**

The accounting staff at each campus is to be congratulated for their continued commitment to excellence. Listed below are the controllers and Board office staff who had a major hand in completing this year’s financial statements.

Rob Houdek – BHSU  
Amy Dockendorf – DSU  
Kay Fredrick – NSU  
Deb Rowse – SDSMT

Shelley Brunick – USD  
Claudean Hluchy – Special Schools  
Dennis Konkler – RIS  
Shannon Wasilik – BOR

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**INFORMATIONAL ITEM**

Karen Jastram – SDSU  
 Yura Chong – SDSU  
 Elizabeth Reimers – BOR

Abby Underberg – BOR  
 Scott Van Den Hemel – BOR

With every audit, there are always areas identified as places for improvement. The Board office will continue to visit with DLA and the controllers to look for ways to improve internal controls and processes/procedures. Findings that did not meet material reporting thresholds are also reviewed with DLA. These smaller findings can be extremely helpful in identifying procedures and controls that need to be adjusted before they become bigger issues down the line.

The number of mandatory audit adjustments for the last five years, the dollar value associated with those adjustments, and their impact on the BOR’s net position are listed below.

<b>Fiscal Year</b>	<b># of Audit Adjustments</b>	<b>Dollar Value of Adjustments</b>	<b>Impact on Net Position</b>
2019	0	\$0.00	0.00%
2020	5	\$6,645,015	0.00%
2021	1	\$11,888,422	0.00%
2022	0	\$0.00	0.00%
2023	2	\$58,207,066	0.00%

Each year the Board office assigns a priority code to the audit adjustments. One is a high priority and five is a low priority. There were two mandatory adjustments in FY23 (Attachment I). Both adjustments were due to auditor changes to DSU Foundation and NSU Foundation. The reason for the adjustments was timing between when the data is due to DLA and when the audits were completed by the foundation’s local auditors. Both adjustments received a priority code of five.

**ATTACHMENTS**

Attachment I – FY23 Mandatory Auditor Adjustments

**CLOSING  
POSTED AUDITOR RECOMMENDED ADJUSTMENTS  
FY23**

<u>University</u>	<u>Account Description</u>	<u>Banner Account</u>	<u>ACFR Account</u>	<u>Function</u>	<u>Amount Dr. (Cr.)</u>
DSU	Restricted Investments	1C	1189000		52,319,271.00
	Other Noncurrent Assets	110000	1800000		(52,319,271.00)
<b>PURPOSE:</b> To properly report funds received by DSU from an outside donor and held in investments by the DSU Foundation at year-end.					
NSU	Cash and Cash Equivalents	10	1130000		5,887,795.00
	Short-term Investments	1D	1400000		(5,887,795.00)
<b>PURPOSE:</b> To properly report cash equivalents at the NSU Foundation that were reclassified by the Foundation auditor between the draft foundation report that NSU used to prepare their financial statements and the final report issued.					