

**SOUTH DAKOTA BOARD OF REGENTS**

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

**AGENDA ITEM: 5 – V**  
**DATE: April 2-3, 2025**

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**SUBJECT**

**FY24 Annual Comprehensive Financial Report (ACFR) Audit Update**

**CONTROLLING STATUTE, RULE, OR POLICY**

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

**BACKGROUND / DISCUSSION**

The FY24 Statewide Annual Comprehensive Financial Report (ACFR) was released in December of 2024. 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 a specific audit opinion for the Board of Regents. However, this does not diminish the thorough examination of our financial information. DLA auditors visit both South Dakota State University (SDSU) and the University of South Dakota (USD), scrutinizing campus-specific items as well as system-wide procedures and controls. Utilizing Banner, our ERP system, they remotely review documents and transactions for the four smaller campuses to ensure accuracy and appropriateness. Additionally, phone interviews are conducted with controllers at all campuses. Given the substantial size of our finances relative to state government, DLA dedicates significant effort to ensuring our statements are free of material misstatements. For FY24, there were no audit findings, though three mandatory auditor adjustments were made for the BOR system.

**IMPACT AND RECOMMENDATIONS**

The accounting staff at each campus are 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	Shelley Brunick – USD
Amy Dockendorf – DSU	Deb Rowse - SDSMT
Kay Fredrick – NSU	Ben Morgan – RIS
Karen Jastram - SDSU	Shannon Wasilik – BOR

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**INFORMATIONAL ITEM**

Yura Chong – SDSU  
Corey Bowman - BOR

Abby Underberg – BOR  
Scott Van Den Hemel – BOR

Every audit reveals areas for improvement. The Board office will continue to collaborate with DLA and the controllers to enhance internal controls and processes. Findings that fall below material reporting thresholds are also reviewed with DLA. These smaller findings are invaluable for identifying procedures and controls that need adjustment before they escalate into larger issues.

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>
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%
2024	3	\$16,879,231	0.27%

Each year, the Board office assigns a priority code to audit adjustments, with one indicating high priority and five indicating low priority. In FY24, there were three mandatory adjustments (Attachment I). The first and third adjustments resulted from missing elimination entries during the combining process. The second adjustment was due to an audit adjustment by another agency, necessitating a corresponding entry by SDBOR. All three adjustments were assigned a priority code of 5.

**ATTACHMENTS**

Attachment I – FY24 Mandatory Auditor Adjustments

**HIGHER EDUCATION  
 POSTED AUDITOR RECOMMENDED ADJUSTMENTS  
 FY2024**

<u>University</u>	<u>Account Description</u>	<u>Attribute Code</u>	<u>Banner Account</u>	<u>ACFR Account</u>	<u>Function</u>	<u>Amount Dr. (Cr.)</u>
Central/DSU	Capital Grants & Contracts	4020OTCH	784003			3,517,094.89
	Grant Expense	2070OPEX	761	5206010	06	(3,517,094.89)
<b>Purpose:</b> To eliminate revenue and expense for ARL construction costs reimbursed by the Board Office.						
Multiple	Construction In Progress	2050NCRA	1G0045	1680000		6,707,023.00
	Capital Grants & Contracts	4020OTCH	784003			(6,707,023.00)
	Net Investment in Capital Assets	1090NA	410001	3320000		6,707,023.00
	Unrestricted Net Assets	1010NA	410010	3300100		(6,707,023.00)
<b>Purpose:</b> To report CIP for construction costs paid by the primary government out of ARPA funds and restrict the related equity.						
BHSU	Agency Funds - Funds Held For Others	3110CLIB	2J	2810000		6,655,113.00
	Restricted Investments	2015NRCA	1C	1181000		(6,655,113.00)
<b>Purpose:</b> To eliminate double reporting of investments and the related liability for Yellow Jacket Foundation investments held by the BHSU Foundation.						