

SOUTH DAKOTA BOARD OF REGENTS

Budget and Finance

**REVISED
AGENDA ITEM: 7 – F**

DATE: December 6-8, 2016

SUBJECT: FY16 CAFR Audit Review

The FY16 Statewide Comprehensive Annual Financial Report (CAFR) will be released later this month. The Department of Legislative Audit (DLA) is doing its final reviews of the Board of Regents System (BOR). For FY16, it appears that there will be no audit findings or adjustments for the Board of Regents (BOR) system.

This year was the final year of the Governor’s plan to release the CAFR for Fiscal Year 2016 by December 31, 2016. Three years ago when this mandate was given, BOR presented their work to DLA in late December. This year the information was completed by the end of October. Efficiencies were found during the last three years but there has also be a large commitment of extra hours by university staff to meet this deadline. 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.

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|------------------------|----------------------------------|
| Rob Houdek – BHSU | Claudean Hluchy– Special Schools |
| Amy Dockendorf – DSU | Michelle Elkin – RIS |
| Kay Fredrick – NSU | Dennis Konkler – RIS |
| Heather Forney – SDSMT | Mary Ellen Garrett – BOR |
| Deb Rowse – SDSMT | Sara Brainard – BOR |
| Karen Jastram – SDSU | Justin Nagel – BOR |
| Jim Rogness – SDSU | Sherri Stahl – BOR |
| Shelley Brunick – USD | Scott Van Den Hemel – BOR |
| Melissa Hartnett – USD | |

With every audit there are always areas that are identified as places for improvement. The central office will sit down with DLA and continue to look for ways to improve our internal controls and other processes. The central office staff and the controllers at the campuses will also meet to discuss ways to improve the process of putting together the financial statement. We will also review any postings that DLA did not make because they did not meet materiality thresholds. This will help identify areas that are potentially problematic in the future and minimize the number of audit adjustments.

(Continued)

INFORMATIONAL ITEM

Listed in the table below are the number of audit adjustments, dollar value of those adjustments and the impact on the net position. During the audit, if DLA finds material errors in the statements, they will submit corrections that have to be made. The board office then reviews the corrections and classifies them from 1 to 5 with 1 being high priority and 5 being very low priority. An example of a 1 would be an error with a very high dollar amount or a significant breach in procedure. An example of a 5 would be a human error involving a low dollar amount or a reclassification from one expense item to another. Anything with a rating from 1 to 3 requires a significant review of the error and a plan to eliminate that error in the future. For FY16, there are no adjustments to classify.

Fiscal Year	# of Audit Adjustments	Dollar Value of Adjustments	Impact on Net Position
2012	8	\$11,899,084.64	0.68%
2013	5	\$3,021,544.72	0.23%
2014	11	\$188,588,386.54	0.00%
2015	0	\$0.00	0.00%
2016	0	\$0.00	0.00%