

SOUTH DAKOTA BOARD OF REGENTS

Budget and Finance
Consent

AGENDA ITEM: 6 – U
DATE: March 29-30, 2022

SUBJECT

FY21 Annual Comprehensive Financial Review (ACFR) Audit Review

CONTROLLING STATUTE, RULE, OR POLICY

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

BACKGROUND / DISCUSSION

The FY21 Statewide Annual Comprehensive Financial Report (ACFR) was released in December. 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 financials are 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 to pull documents and review transactions remotely for the four small campuses and review them for accuracy and appropriateness. Phone interviews are also conducted with the controllers at these campuses. Because of the size of our financial numbers, DLA spends a significant amount of time making sure that our statements are free of material misstatements. For FY21 there were no audit findings. There was one mandatory auditor adjustment for the BOR system.

IMPACT AND RECOMMENDATIONS

The accounting staff at each campus is to be congratulated for the 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.

- | | |
|-----------------------|-----------------------------------|
| Terry Miller – BHSU | Justin Noehren – USD |
| Amy Dockendorf – DSU | Claudean Hluchy – Special Schools |
| Kay Fredrick – NSU | Dennis Konkler – RIS |
| Deb Rowse – SDSMT | Shannon Wasilik – BOR |
| Karen Jastram – SDSU | Abby Underberg – BOR |
| Yura Chong – SDSU | Scott Van Den Hemel – BOR |
| Shelley Brunick – USD | |

(Continued)

INFORMATIONAL ITEM

With every audit there are always areas that are identified as places for improvement. The Board office will visit with DLA and the controllers to continue looking for ways to improve our internal controls and other processes. We will also review any findings DLA identified that did not meet material reporting thresholds. These smaller findings can be very 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 BOR's net position are listed below.

Fiscal Year	# of Audit Adjustments	Dollar Value of Adjustments	Impact on Net Position
2017	0	\$0.00	0.00%
2018	0	\$0.00	0.00%
2019	0	\$0.00	0.00%
2020	5	\$6,645,014.73	0.00%
2021	1	\$11,888,422.00	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. The one adjustment in FY21 was a human error and received a priority code of five.

ATTACHMENTS

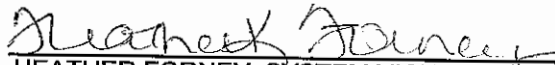
Attachment I – Analysis of Audit Adjustments

**HIGHER EDUCATION
POSTED AUDITOR RECOMMENDED ADJUSTMENTS
FY2021**

<u>University</u>	<u>Account Description</u>	<u>Banner Account</u>	<u>ACFR Account</u>	<u>Function</u>	<u>Amount Dr. (Cr.)</u>
SDSU	General Activity Fee	500330	4299006		2,313,962.00
	Special Discipline Fee	500381	4299008		1,972,954.00
	Vehicle Registration Fee	500395	4299010		306,318.00
	Charges	500420	4299014		457,881.00
	General Sales and Services	500660	4599002		4,551,775.00
	Auxiliaries	501105	4599001		2,285,532.00
	Contractual Services	719680	5204010	01	(2,406,619.00)
	Contractual Services	719680	5204010	03	(714,218.00)
	Contractual Services	719680	5204010	05	(6,062,950.00)
	Contractual Services	719680	5204010	06	(419,103.00)
	Contractual Services	719680	5204010	09	(2,285,532.00)

PURPOSE: To reverse document QR321026 which overreported revenue and contractual services for HEERF.

I HAVE REVIEWED THE ABOVE JOURNAL ENTRY AND CONCUR WITH ITS CONTENT.



HEATHER FORNEY, SYSTEM VICE PRESIDENT OF FINANCE AND ADMINISTRATION



SCOTT VAN DEN HEMEL, FINANCIAL COMPLIANCE OFFICER