



Joint Committee on Appropriations
SENATOR JOHN WIIK, CO-CHAIR
REPRESENTATIVE CHRIS KARR, CO-CHAIR

August 20, 2019

Dr. Paul B. Beran, Executive Director
Board of Regents
306 E. Capitol Ave., Suite 200
Pierre, SD 57501

Sheila Gestring, President
University of South Dakota
414 E. Clark Street
Vermillion, SD 57069

Interim President
Black Hills State University
1200 University Blvd
Spearfish, SD 57799

Letter of Intent Regarding Annual Financial Report on University Center Operations

Dear Dr. Beran, President Gestring, and BHSU Interim President.:

This Letter of Intent sets forth a particular view held by the Joint Committee on Appropriations (JCA) in approving your appropriation in the 2019 Legislative session. As such, this Letter of Intent seeks to supplement that legislation with specific policy guidance as approved on August 20, 2019.

While the guidance does not have the direct force of statutory law, it rests solidly on a long-standing tradition of Legislative-Executive relationships in South Dakota and it will be used by the Joint Committee as one basis for the fiscal oversight of your agency and its continued funding.

It is the intent of the JCA to have the University of South Dakota and Blacks Hills State University each provide a written report by November 1 of each year, regarding the operations of the centers located in Sioux Falls and Rapid City detailing the following items:

- Provide a detailed annual financial report that includes actual revenues, expenditures, enrollment, credit hours, overhead allocation, and performance metrics for the past three fiscal years and projections for the current year and the next budget year. The report shall include a breakdown of revenues and expenditures by each participating Board of Regents institution and a summary of total revenues and expenditures for the centers in Sioux Falls and Rapid City; and
- Provide the overhead rate within the University regarding the Responsibility Centered Management (RCM) model and explain how and why the overhead rate was derived.

The Department of Legislative Audit (DLA) will obtain an understanding of the systems and processes used to prepare the BOR's annual financial report as indicated in this letter and assess the risk of the report. DLA will discuss and present the risk assessment to the 2020 Interim JCA to consider what other procedures or engagements the JCA may want DLA to perform regarding the accuracy of the report. The Board of Regents will work cooperatively with DLA in performing the risk assessment.

Senator John Wiik
Lead Co-Chair, Joint Committee on Appropriations

Representative Chris Karr
Co-Chair, Joint Committee on Appropriations

cc: Marty Guindon, Auditor General
Liza Clark, Commissioner, Bureau of Finance and Management