

UNIVERSITY OF ILLINOIS

A Component Unit of the State of Illinois

State Compliance Examination

Year Ended June 30, 2023

Performed as Special Assistant Auditors
for the Auditor General, State of Illinois

UNIVERSITY OF ILLINOIS
A Component Unit of the State of Illinois
State Compliance Examination

Year Ended June 30, 2023

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UNIVERSITY OF ILLINOIS
A Component Unit of the State of Illinois
State Compliance Examination

Year Ended June 30, 2023

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Office of the Vice President, Chief Financial Officer and Comptroller

April 23, 2024

RSM US LLP
Certified Public Accountants
1450 American Lane, Suite 1400
Schaumburg, IL 60173

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the University of Illinois (University). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the University's compliance with the following specified requirements during the one-year period ended June 30, 2023. Based on this evaluation, we assert that during the year ended June 30, 2023, the University has materially complied with the specified requirements listed below.

- A. The University has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
B. The University has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
C. Other than what has been previously disclosed and reported in the Schedule of Findings, the University has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
D. State revenues and receipts collected by the University are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.
E. Money or negotiable securities or similar assets handled by the University on behalf of the State or held in trust by the University have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Yours truly,

University of Illinois

SIGNED ORIGINAL ON FILE

Timothy L. Killeen,
President

SIGNED ORIGINAL ON FILE

Paul Ellinger
Vice President, Chief Financial Officer, and Comptroller

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Scott Rice
General Counsel

UNIVERSITY OF ILLINOIS
A Component Unit of the State of Illinois

State Compliance Examination
Year Ended June 30, 2023

State Compliance Report

Summary

The State compliance testing performed during this examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide*.

Accountant's Report

The Independent Accountant's Report on State Compliance and on Internal Control Over Compliance does not contain scope limitations or disclaimers, but does contain a modified opinion on compliance and identifies material weaknesses over internal control over compliance.

Summary of Findings

<u>Number of Findings</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	22	19
Repeated Findings	14	11
Prior Recommendations Implemented or Not Repeated	5	12

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2023-001	9	2022/2009	Inadequate Controls over Revenue and Expense Accruals for Grant Subawards	Material Weakness and Material Noncompliance
2023-002	10	2022/2022	Weaknesses in Controls over Electronic Health Record System	Material Weakness and Material Noncompliance
2023-003	11	NEW	Inadequate Controls over Classification of Restricted Assets	Significant Deficiency and Noncompliance

UNIVERSITY OF ILLINOIS
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Year Ended June 30, 2023

State Compliance Report

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
2023-004	12	2022/2022	Reporting	Significant Deficiency and Noncompliance
2023-005	14	2022/2022	Federal Funding Accountability and Transparency Act Reporting	Significant Deficiency and Noncompliance
2023-006	16	2022/2022	Cash Management – Timeliness of Subrecipient Payments	Significant Deficiency and Noncompliance
2023-007	18	2022/2020	Errors in Reporting for NSLDS	Significant Deficiency and Noncompliance
2023-008	20	New	Error in Return of Title IV Funds Calculation	Significant Deficiency and Noncompliance
2023-009	21	New	Lack of Subrecipient Monitoring	Significant Deficiency and Noncompliance
2023-010	22	2022/2020	Inadequate Internal Controls over Census Data	Significant Deficiency and Noncompliance
2023-011	25	New	Inadequate Controls Over Property and Equipment	Significant Deficiency and Noncompliance
2023-012	27	2022/2008	Inadequate Controls Over University Procurement Card Transactions	Significant Deficiency and Noncompliance
2023-013	30	2022/2005	Failure to Follow Time Reporting Requirements	Significant Deficiency and Noncompliance
2023-014	32	2022/2020	Noncompliance with Illinois Articulation Initiative	Significant Deficiency and Noncompliance
2023-015	34	2022/2021	Untimely Vehicle Accident Reporting	Significant Deficiency and Noncompliance
2023-016	36	New	Noncompliance with University Faculty Research and Consulting Act	Significant Deficiency and Noncompliance
2023-017	38	2022/2021	Inadequate Controls over Compliance with State Officials and Employee Ethics Act	Significant Deficiency and Noncompliance
2023-018	39	New	Noncompliance with Public University Admission Pilot Program	Significant Deficiency and Noncompliance

UNIVERSITY OF ILLINOIS
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State Compliance Examination
Year Ended June 30, 2023

State Compliance Report

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
2023-019	40	New	Untimely Veterans Services Reporting	Significant Deficiency and Noncompliance
2023-020	41	New	Noncompliance with University of Illinois Act	Significant Deficiency and Noncompliance
2023-021	42	2022/2020	Weaknesses in Cybersecurity Program and Practices	Significant Deficiency and Noncompliance
2023-022	43	2022/2022	Inadequate Controls over Remote Access	Significant Deficiency and Noncompliance

Prior Findings Not Repeated

A	44	2022/2021	Inadequate Controls over Fiduciary Fund Accruals
B	44	2022/2021	Excess Cash - SFA
C	44	2022/2022	Inadequate Support for Procurement
D	44	2022/2022	Contracts and Lease Agreements Not Properly Executed
E	44	2022/2022	Weakness over Reviews of SOC Report Reviews

EXIT CONFERENCE

The University waived an exit conference in correspondence from Jennifer Erickson, Senior Associate Director for Business and Finance, on April 13, 2024. The responses to the recommendations were provided by Jennifer Erickson, Senior Associate Director for Business and Finance, in correspondence dated December 21, 2023, March 8, 2024 and April 16, 2024.

**Independent Accountant's Report on State Compliance
and on Internal Control Over Compliance**

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Trustees
University of Illinois

Report on State Compliance

As Special Assistant Auditors for the Auditor General, we have examined the University of Illinois' (University) compliance with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during the year ended June 30, 2023. Management of the University is responsible for the University' compliance with the specified requirements. Our responsibility is to express an opinion on the University's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The University has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The University has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The University has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the University are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the University on behalf of the State or held in trust by the University have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the University complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the University complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our modified opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the University's compliance with the specified requirements.

Our examination disclosed material noncompliance with the following specified requirement applicable to the University during the year ended June 30, 2023. As described in the Schedule of Findings as items 2023-001 and 2023-002, the University has not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

In our opinion, except for the material noncompliance described in the preceding paragraph, the University complied, in all material respects, with the specified requirements during the year ended June 30, 2023. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as items 2023-003 through 2023-022.

The University's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The University's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the University's internal control over the specified requirements as a basis for designing examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the University's compliance with the specified requirements and to test and report on the University's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items 2023-001 and 2023-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items 2023-003 through 2023-022 to be significant deficiencies.

As required by the *Audit Guide*, immaterial findings excluded from this report have been reported in a separate letter.

The University's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The University's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Schaumburg, Illinois
April 23, 2024

**State Compliance Examination
Schedule of Findings
For the Year Ended June 30, 2023**

Finding 2023-001 Inadequate Controls over Revenue and Expense Accruals for Grant Subawards

The University of Illinois (University) did not maintain appropriate control over accounting for grant subawards.

During our test work over revenues and expenditures, it was noted that payments to subrecipients of grant funds, and the related reimbursements from the federal government, were not recorded in a consistent manner when applicable eligibility requirements were met. Upon discovery of this inconsistency, the University re-analyzed related accounts and determined that accounts receivable and accounts payable were both overstated by approximately \$40,000,000, and federal grant revenue and research expenses were overstated by \$3,000,000. There was no impact to opening or closing net position. Management elected to record the adjustment for the estimated amount of the error.

GASB Codification N50, *Nonexchange Transactions*, states that providers should recognize liabilities (or a decrease in assets) and expenses from government-mandated or voluntary nonexchange transactions, and recipients should recognize receivables (or a decrease in liabilities) and revenues (net of estimated uncollectible amounts), when all applicable eligibility requirements, including time requirements, are met.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) required the University to establish and maintain a system, or systems, of internal fiscal and administrative controls. The University's system of internal controls should include procedures to ensure eligibility requirements are evaluated and met prior to recording related expenses and revenues, as well as to ensure assets are appropriately classified as restricted or unrestricted.

University officials indicated their historical interpretation of the applicable accounting guidance required expenses to be recognized based on service dates.

Failure to properly review eligibility requirements related to subrecipient awards could result in a material misstatement of the University's financial statements. (Finding Code No. 2023-001, 2022-003, 2021-005, 2020-002, 2019-001, 2018-001, 2017-001, 2016-001, 2015-001, 2014-001, 2013-001, 12-01, 11-01, 10-03, 09-03)

Recommendation

We recommend the University continue to review its process for ensuring transactions are recognized in the correct fiscal year.

University Response

Accepted. The University has already implemented the necessary corrective action by updating its accounting policy related to the timing of expense recognition for grant subawards effective for fiscal year 2023.

University of Illinois

A Component Unit of the State of Illinois

State Compliance Examination Schedule of Findings (Continued) For the Year Ended June 30, 2023

Finding 2023-002 Weaknesses in Controls over Electronic Health Record System

The University of Illinois (University) had not implemented adequate internal controls over their Electronic Health Record System (EHR).

The University maintains an EHR that contains patient medical records and data. Additionally, it supports billing and transaction workflows which feed into the financial statements.

During our testing of the EHR, we noted:

- 28 of 40 (70%) EHR users' access were not timely terminated upon separation from the University. It was determined the University's departments were not timely notifying Human Resources, which in turn did not timely notify the Information Technology security team. As a result, users' access to EHR was not timely disabled. Access was disabled 8 to 181 days after the user had separated from the University.
- A comprehensive review of EHR user access was not performed during the fiscal year.

The Security and Privacy Controls for Information Systems and Organizations (Special Publication 800-53, Fifth Revision) published by National Institute of Standards and Technology (NIST), Access Control Section, promotes controls for ensuring access to system resources are appropriate.

The University's Account Access Controls-Terminations and Disable Policy, Account Access Controls section, states separated employee's computer system access is to be revoked within 7 days after termination.

University Management indicated that the complexity and decentralized nature of EHR access did not allow the University to implement a comprehensive review of access and delayed the notifications of employee separation.

Failure to terminate separated employees' access could result in unauthorized access to the EHR and data. (Finding Code No. 2023-002, 2022-004)

Recommendation

We recommend the University terminate separated users' access within 7 business days of the last day of employment and conduct annual reviews of user access.

University Response

Accepted. Hospital Information Services has implemented an automated process to be proactive in removing access to the EPIC system, however this process relies on timely human resources processes. The University will continue to work towards improving notification processes for timelier removal of access to systems. Additionally, the UI Hospital developed an access review process during the fall of 2023 and began an access review of the EPIC system in November that is expected to be completed by early 2024.

**State Compliance Examination
Schedule of Findings (Continued)
For the Year Ended June 30, 2023**

Finding 2023-003 Inadequate Controls over Classification of Restricted Assets

The University of Illinois (University) did not maintain appropriate control over classifying assets as restricted.

During our review of restricted classifications, we discovered amounts relating to unrestricted endowment funds that were being classified as restricted, which resulted in the overstatement of restricted assets and related net position of \$14,331,380. Management elected to record the adjustment for this error.

GASB Codification 2200, *Annual Comprehensive Financial Report*, states that assets should only be classified as restricted when restrictions on asset use change the nature or normal understanding of the availability of the asset. It also states that restricted assets should be reflected as restricted net position.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) required the University to establish and maintain a system, or systems, of internal fiscal and administrative controls. The University's system of internal controls should include procedures to ensure assets are appropriately classified as restricted or unrestricted.

University officials indicated the unrestricted endowment funds being classified as restricted net position was due to an oversight in the financial reporting process.

Failure to properly review the classification of restricted assets could result in a material misstatement of the University's financial statements. (Finding Code No. 2023-003)

Recommendation

We recommend the University review year end closing entries related to restricted classifications so that all entries are properly identified and recorded for presentation in the University's financial statements.

University Response

Accepted. The necessary corrective action to address the recommendation in this finding has been implemented.

University of Illinois

A Component Unit of the State of Illinois

**State Compliance Examination
Schedule of Findings (Continued)
For the Year Ended June 30, 2023**

Federal Agency: US Department of Homeland Security (DHS) and US Department of Education (ED)

Program Names: Cooperating Technical Partners; Governor's Emergency Education Relief Fund; Elementary and Second School Emergency Relief Fund; and Higher Education Emergency Relief Fund

ALN #s: 97.045; 84.425C; 84.425D; and 84.425F

Award Numbers: DHS EMC-2019-CA-00009; DHS EMC-2018-CA-00010; IBHE GEERF 601-GEE-2200-UIC; 826 DOE ISBE Loyola Partnership; and 831 DE UIS HEERF Institution; Federal Award Year 2022 - 2023

Questioned Costs: None

2023-004. Finding: Reporting

The University of Illinois' controls in place did not ensure certain reporting requirements were submitted timely, and in some cases, were not properly reviewed for accuracy.

Out of the seven Cooperating Technical Partners quarterly performance reports tested, the University of Illinois Urbana-Champaign did not submit two reports (29%) within the required timeframe. Two reports for the quarter ended December 31, 2022 were due by January 30, 2023, however, were submitted February 3, 2023. The sample was not intended to be, and was not, a statistically valid sample.

The Cooperating Technical Partners grant program requires submission of quarterly performance reports 30 days after the end of each quarter.

Out of the four Governor's Emergency Education Relief Fund quarterly reports submitted by the University of Illinois Chicago under the Education Stabilization Fund, one report (25%) was not submitted within the required timeframe. The report for the quarter ended March 31, 2023 was due by May 1, 2023, however was submitted May 8, 2023.

The Governor's Emergency Education Relief Fund, Elementary and Second Emergency Relief Fund and Higher Education Emergency Relief Fund require submission of quarterly financial reports 30 days after the end of each quarter.

Out of the four Elementary and Second School Emergency Relief Fund quarterly reports required to be submitted by the University of Illinois Springfield, four reports (100%) have not been submitted.

Out of the four Higher Education Emergency Relief Fund quarterly reports required to be submitted by the University of Illinois Springfield, one report (25%) did not contain sufficient evidence the report was reviewed prior to submission.

The University of Illinois Springfield did not accurately report their methodology for conducting direct outreach to financial aid applicants for the Higher Education Emergency Relief Fund required within the 2022 annual report which was submitted timely on March 24, 2023.

University of Illinois

A Component Unit of the State of Illinois

**State Compliance Examination
Schedule of Findings (Continued)
For the Year Ended June 30, 2023**

2023-004. Finding: Reporting (Continued)

The Higher Education Emergency Relief Fund requires the reporting of the methodology for conducting direct outreach to financial aid applicants in the annual report.

Uniform Grant Guidance (2 CFR 200.303) requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure reports are submitted timely.

University of Illinois Urbana-Champaign officials stated reporting was late due to other project priorities and a change in the report template.

University of Illinois Chicago officials stated due to miscommunication within the department the progress report was submitted after the deadline.

University of Illinois Springfield officials stated the Elementary and Second School Emergency Relief Fund quarterly reports were not submitted due to miscommunication with the sponsor regarding reporting requirements. Additionally, University officials stated for the Higher Education Emergency Relief Fund, an oversight led to the insufficient review prior to submission and a misunderstanding of the requirement led to not disclosing the methodology of direct outreach to financial aid recipients in the report.

Without proper program reporting processes and procedures, the submission of late reports or inaccurate reporting is noncompliance with Federal regulation and could result in the loss of future funding. (Finding Code No. 2023-004; 2022-007)

Recommendation:

We recommend the University of Illinois Urbana-Champaign, the University of Illinois Chicago, and the University of Illinois Springfield review current processes and procedures to ensure reporting requirements are completed timely.

University Response

Accepted. The University will take steps identified to address the recommendation in this finding.

University of Illinois
A Component Unit of the State of Illinois

**State Compliance Examination
Schedule of Findings (Continued)
For the Year Ended June 30, 2023**

Federal Agency: US Health & Human Services (HHS)

Program Name: Health Center Program

ALN #: 93.224

Award Number: HRSA 5 U1OHA29293-08; Federal Award Year 2022 - 2023

Questioned Costs: None

2023-005. Finding: Federal Funding Accountability and Transparency Act Reporting

University of Illinois Chicago did not timely report subaward data to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) under the Health Center Program and the controls in place did not identify the error.

One out of eight subaward obligations/modifications tested was not reported in FSRS within the last day of the month following the month in which the subaward/subaward amendment obligation was made. The subaward was reported 168 days late.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
8	0	1	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$ 1,834,937	\$ 0	\$ 205,557	\$ 0	\$ 0

Under the requirements of the Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282), as amended by section 6202 of Public Law 110-252, hereafter referred as the "Transparency Act" which are codified in 2 CFR Part 170, recipients (i.e., direct recipients) of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the FSRS. The non-federal entity is required to report each obligating action to FSRS. The action must be reported in FSRS no later than the last day of the month following the month in which the subaward/subaward amendment is made.

Uniform Grant Guidance (2 CFR 200.303) requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure reports are submitted timely.

University officials stated the dollar amount obligated with this subaward modification was not recorded in the internal system due to human error. Since the funding was not recorded, a Federal Funding Accountability and Transparency Act reporting was not triggered.

Without proper program reporting policies and procedures, the submission of late reports is noncompliance with Federal regulation and could result in the loss of future funding. (Finding Code No. 2023-005; 2022-009)

University of Illinois
A Component Unit of the State of Illinois

**State Compliance Examination
Schedule of Findings (Continued)
For the Year Ended June 30, 2023**

2023-005. Finding: Federal Funding Accountability and Transparency Act Reporting (Continued)

Recommendation:

We recommend the University of Illinois Chicago review current processes and procedures to ensure Federal Funding Accountability and Transparency Act reporting requirements are completed timely.

University Response:

Accepted. The human error was caught and rectified during a subsequent amendment on the next subaward. The University will take steps to address the recommendation in this finding.

University of Illinois

A Component Unit of the State of Illinois

**State Compliance Examination
Schedule of Findings (Continued)
For the Year Ended June 30, 2023**

Federal Agencies: US Department of Energy (DOE); and US Health and Human Services (HHS)

Program Names: Research & Development Cluster: Office of Science and Financial Assistance Program; Health Center Program Cluster; and HIV-Related Training and Technical Assistance Program

ALN #s: 81.049; 93.224; and 93.145

Award Numbers: DOE DE-SC0018420; and 675 HRSA 5U10HA29293-07; Federal Award Year 2022 - 2023

Questioned Costs: None

2023-006. Finding: Cash Management – Timeliness of Subrecipient Payments

The University of Illinois Urbana-Champaign and the University of Illinois Chicago did not make certain subrecipient payments timely and did not have controls in place to prevent late payments.

Out of twelve subrecipient payments tested which were made by the University of Illinois at Urbana-Champaign under the Research & Development Cluster, seven payments (58%) were not submitted within 30 days after receipt of the billing from the subrecipient. The payments ranged from 34-197 days after receipt of the billing from the subrecipients. The sample was not intended to be, and was not, a statistically valid sample.

Out of fourteen subrecipient payments tested which were made by the University of Illinois Chicago under the Health Center Program Cluster and HIV-Related Training and Technical Assistance Program, three payments (21%) were not submitted within 30 days after receipt of the billing from the subrecipient. The payments ranged from 37-51 days after the receipt of billing from the subrecipients. The sample was not intended to be, and was not, a statistically valid sample.

Under Uniform Guidance (2 CFR 200.305(b)(3)), when the reimbursement method is used, the Federal awarding agency or pass-through entity must make payment within 30 calendar days after receipt of the billing, unless the Federal awarding agency or pass-through entity reasonably believes the request to be improper.

Uniform Grant Guidance (2 CFR 200.303) requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure subrecipient payments are made timely.

University of Illinois Urbana-Champaign officials stated continued staffing issues and the multi-layered review and approval process contributed to untimely subrecipient payments.

University of Illinois Chicago officials stated the administering unit was delayed in submitting invoices due to competing priorities. Additionally, the central approving offices contributed to the delay in one payment due to fiscal year-end close responsibilities.

Without proper program cash management processes and procedures, late subrecipient payments could result in the loss of future funding. (Finding Code No. 2023-006; 2022-008)

University of Illinois
A Component Unit of the State of Illinois

**State Compliance Examination
Schedule of Findings (Continued)
For the Year Ended June 30, 2023**

2023-006. Finding: Cash Management – Timeliness of Subrecipient Payments (Continued)

Recommendation:

We recommend the University of Illinois Urbana-Champaign and the University of Illinois Chicago review current processes, policies and procedures to minimize the time elapsing between the transfer of federal funds to the subrecipient.

University Response:

Accepted. The University will take steps to address the recommendation in this finding.

University of Illinois
A Component Unit of the State of Illinois

**State Compliance Examination
Schedule of Findings (Continued)
For the Year Ended June 30, 2023**

Federal Agency: US Department of Education (ED)

Program Name: Student Financial Assistance Cluster: Federal Direct Student Loans

ALN #: 84.268

Award Numbers: N/A; Federal Award Year 2022 - 2023

Questioned Costs: None

2023-007. Finding: Errors in Reporting for NSLDS

The University of Illinois Chicago did not properly report an enrollment change for certain students who received federal student aid to the National Student Loan Data System (NSLDS) and the internal controls in place did not identify the errors.

Out of the twenty students tested at the University of Illinois Chicago, we noted two (10%) students in which the University did not report the correct enrollment effective date to the NSLDS at the Program-Level.

The sample was not intended to be, and was not, a statistically valid sample.

The Code of Federal Regulations (34 CFR 685.309) requires enrollment status changes for students be reported to NSLDS within 30 days or within 60 days if the student with the status change will be reported on a scheduled transmission within 60 days of the change in status. Regulations require the status include an accurate effective date.

According to the NSLDS Enrollment Reporting Guide, a student's Program-Level enrollment status should be reported with the same enrollment status as student's Campus-Level enrollment status for all programs the student is enrolled in at a location, even if the student is not currently taking coursework which applies to a particular program. If the student has withdrawn or graduated from an academic program, a "terminal enrollment status" of 'W' or 'G,' as appropriate, should be reported for the program, even if the student is still taking coursework applicable to other programs in which the student is enrolled.

Uniform Grant Guidance (2 CFR 200.303) requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure enrollment reporting is completed properly.

University officials stated there was a production defect with the version of the NSLDS reporting process the University was running which caused the wrong enrollment status to be reported.

If the NSLDS system is not updated with the student information, overawards could occur should the student transfer to another institution and the student may not properly enter the repayment period. (Finding Code No. 2023-007; 2022-006; 2021-010; 2020-006)

University of Illinois
A Component Unit of the State of Illinois

**State Compliance Examination
Schedule of Findings (Continued)
For the Year Ended June 30, 2023**

2023-007. Finding: Errors in Reporting for NSLDS (Continued)

Recommendation:

We recommend the University of Illinois Chicago review current processes for reporting to NSLDS and implement procedures to ensure submissions are reported timely and accurately.

University Response:

Accepted. The defect was corrected June 4, 2023, after the last spring 2023 transmission.

University of Illinois
A Component Unit of the State of Illinois

**State Compliance Examination
Schedule of Findings (Continued)
For the Year Ended June 30, 2023**

Federal Agency: US Department of Education (ED)

Program Name: Student Financial Assistance Cluster: Federal Direct Student Loans and Federal Pell Grant Program

ALN #: 84.063 and 84.268

Award Numbers: N/A; Federal Award Year 2022 - 2023

Questioned Costs: \$681

2023-008. Finding: Error in Return of Title IV Funds Calculation

The University of Illinois Urbana-Champaign did not use the correct withdrawal date in the return of Title IV funds calculation for a student, which resulted in a shortage of \$681 due to the Department of Education. The University's internal control related to the review of return of Title IV funds did not identify the data entry error.

Out of the fifteen students tested at the University of Illinois Urbana-Champaign, we noted one (7%) student in which the return of Title IV funds calculation was performed incorrectly.

The sample was not intended to be, and was not, a statistically valid sample.

According to the Code of Federal Regulations (34 CFR 668.22), when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance the student earned as of the student's withdrawal date.

Uniform Grant Guidance (2 CFR 200.303) requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure return of Title IV calculations are performed accurately.

University officials stated a data entry error occurred when inputting the effective withdrawal date in the student information system.

The use of incorrect withdrawal dates in the return of Title IV funds calculations could result in the need to return additional funds to the Department of Education or to the student. (Finding Code No. 2023-008)

Recommendation:

We recommend the University of Illinois Urbana-Champaign review current processes for the return of Title IV funds calculations and implement procedures to ensure calculations are done accurately.

University Response:

Accepted. The University will take steps to address the recommendation in this finding.

University of Illinois
A Component Unit of the State of Illinois

**State Compliance Examination
Schedule of Findings (Continued)
For the Year Ended June 30, 2023**

Federal Agency: US Department of Education (ED)

Program Name: Elementary and Second School Emergency Relief Fund

ALN #: 84.425D

Award Numbers: 826 DOE ISBE Loyola Partnership; Federal Award Year 2022 - 2023

Questioned Costs: N/A

2023-009. Finding: Lack of Subrecipient Monitoring

The University of Illinois Springfield did not properly perform required subrecipient monitoring procedures on a certain subrecipient and the internal controls in place failed to ensure all monitoring procedures were performed.

For one out of two subrecipients tested, the University of Illinois Springfield did not properly perform subrecipient monitoring procedures. The incorrect agreement template was used which did not allow for the required data elements and a risk evaluation was not performed in order to ensure accountability of for-profit subrecipients under the Education Stabilization Fund.

Uniform Grant Guidance (2 CFR 200.331 and 2 CFR 200.332) requires all pass-through entities to: identify the award and applicable requirements, evaluate risk, monitor the activities of the subrecipient, and ensure accountability of for-profit subrecipients.

Uniform Grant Guidance (2 CFR 200.303) requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure that subrecipient monitoring is performed over all subawards.

University officials stated due to staff turnover and workload, the agreement template issued was incorrect and a risk assessment was not conducted for the subrecipient.

Lack of properly documented evidence of subrecipient monitoring policies and procedures may result in the loss of future funding. (Finding Code No. 2023-009)

Recommendation:

We recommend the University of Illinois Springfield review current processes and procedures to ensure subrecipient monitoring is performed for all subawards.

University Response:

Accepted. The University will take steps to address the recommendation in this finding.

University of Illinois

A Component Unit of the State of Illinois

State Compliance Examination Schedule of Findings (Continued) For the Year Ended June 30, 2023

Finding 2023-010 Inadequate Internal Controls over Census Data

The University of Illinois (University) did not have adequate internal control over reporting its census data to provide assurance census data submitted to its pension and other postemployment benefits (OPEB) plans was complete and accurate.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or OPEB plan. The accumulation of inactive or retired members' census data occurs before the current accumulation period of census data used in the plan's actuarial valuation (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting the data to the plan's actuary. In contrast, responsibility for active members' census data during the current accumulation period is split among the plan and each member's current employer(s). Initially, employers must accurately transmit census data elements of their employees to the plan. Then, the plan must record and retain these records for active employees and then transmit this census data to the plan's actuary.

We noted the University's employees are members of the State Universities Retirement System (SURS) for their pensions and the State Employees Group Insurance Program sponsored by the State of Illinois, Department of Central Management Services (CMS) for their OPEB. In addition, we noted these plans have characteristics of different types of pension and OPEB plans, including single employer plans and cost-sharing multiple-employer plans. Additionally, CMS' actuary uses census data for employees of the State's public universities provided by SURS, along with census data for the other participating members provided by the State's four other pensions plans, to prepare their projection of the liabilities of CMS' plan. Finally, SURS' actuary and CMS' actuary used census data transmitted by the University during Fiscal Year 2021 to project pension and OPEB-related balances and activity at the plans during Fiscal Year 2022, which is incorporated into the University's Fiscal Year 2023 financial statements.

During testing, we noted the following:

- During our cut-off testing of data transmitted by the University to SURS, we noted 2 instances of an active employee becoming inactive were reported to SURS after the close of the fiscal year in which the event occurred. There were also 15 instances previously reported that impacted the June 30, 2021 census data. The total impact on service credit was a difference of 55.75 years.
- During our testing of instructor eligibility testing, we noted 1 instructor was not reported as eligible to participate in SURS by the University. There were also 11 instances that have been previously reported, however still impacted the June 30, 2021 census data. SURS determined the total potential impact of these differences was the instructors' service credit was off by a combined 32.50 years.

We provided SURS' actuary and CMS' actuary with the exceptions we identified during our testing, along with the results of census data testing at the State Employees Retirement System of Illinois, and determined the net effect of these errors, along with the errors of other plan participants, was immaterial to SURS' and CMS' pension and OPEB-related balances and activity at the plans during Fiscal Year 2022.

University of Illinois

A Component Unit of the State of Illinois

**State Compliance Examination
Schedule of Findings (Continued)
For the Year Ended June 30, 2023**

Finding 2023-010 Inadequate Internal Controls over Census Data (Continued)

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial reports and to maintain accountability over the State's resources.

Additionally, eligibility criteria for participation in SURS under the Illinois Pension Code (Code) (40 ILCS 5/15-134(a)) states any person who is an employee of the University becomes a participant in SURS. Under the Code (40 ILCS 5/15-107), an employee is any member of the educational, administrative, secretarial, clerical, mechanical, labor, or other staff of an employer whose employment in a position in which services are expected to be rendered on a continuous basis for at least four months or an academic term, whichever is less:

- 1) Not a student employed on a less than full-time temporary basis;
- 2) Not receiving a retirement or disability annuity from SURS;
- 3) Not on military leave;
- 4) Not eligible to participate in the Federal Civil Service Retirement System,
- 5) Not currently on a leave of absence without pay more than 60 days after the termination of SURS' disability benefits;
- 6) Not paid from funds received under the Federal Comprehensive Employment and Training Act as a public service employment program participant hired on or after July 1, 1979;
- 7) Not a patient in a hospital or home;
- 8) Not an employee compensated solely on a fee basis where such income would net earnings from self-employment;
- 9) Not providing military courses pursuant to a federally-funded contract where the University has filed a written notice with SURS electing to exclude these persons from the definition of an employee;
- 10) Currently on lay-off status of not more than 120 days after the lay-off date;
- 11) Not on an absence without pay of more than 30 days; and,
- 12) A nonresident alien on a visa defined under subparagraphs (F), (J), (M), or (Q) of Section 1101(a)(15) of Title 8 of the United States Code who (1) has met the Internal Revenue Service's substantial presence test and (2) became an employee on and after July 1, 1991.

In addition, the Code (40 ILCS 5/15-157) requires the University to, at a minimum, withhold contributions of each employee's total compensation of 8% (9.5% for firefighters or police officers) for their participation in SURS, unless further contributions by the employee would either exceed the maximum retirement annuity in the Code (40 ILCS 5/15-136(c)) or the Tier 2 earnings limitation within the Code (40 ILCS 5/15-111(b)), and remit these amounts to SURS. Further, the Code (40 ILCS 5/15-155(b)) requires the University remit employer contributions to SURS reflecting the accruing normal costs of an employee paid from federal or trust funds.

Finally, for CMS' OPEB plan, we noted participation in OPEB is derivative of an employee's eligibility to participate in SURS, as members of SURS participate in OPEB as annuitants under the State Employees Group Insurance Act of 1971 (Act) (5 ILCS 375/3(b)).

**State Compliance Examination
Schedule of Findings (Continued)
For the Year Ended June 30, 2023**

Finding 2023-010 Inadequate Internal Controls over Census Data (Continued)

University officials indicated transactions impacting this census data accumulation period were not reported in a timely manner because of coding issues used in certain automated processes, and significant workload at the unit level, and the impact of processing leave associated with the COVID-19 pandemic.

Failure to ensure complete and accurate census data was reported to SURS reduces the overall reliability of pension and OPEB-related balances and activity reported in the University's financial statements, the financial statements of other employers within both plans, and the State of Illinois' Annual Comprehensive Financial Report. Further, failure to report all eligible employees to SURS may result in employees not receiving the pension and OPEB benefits they are entitled to receive under the Code and the Act. (Finding Code No. 2023-010, 2022-001, 2021-001, 2020-001)

Recommendation

We recommend the University continue to focus on the incremental changes to the census data file from the prior actuarial valuation, provided no risks are identified that incomplete or inaccurate reporting of census data may have occurred during prior periods. Any errors identified during this process should be promptly corrected by either the University or SURS, with the impact of these errors communicated to both SURS' actuary and CMS' actuary.

Further, we recommend the University ensure all events occurring within a census data accumulation year are timely reported to SURS so these events can be incorporated into the census data provided to SURS' actuary and CMS' actuary.

Finally, we recommend the University ensure all eligible employees are reported to SURS, along with any required employee and employer contributions.

University Response

Accepted. With 71,000 employees, the University has numerous electronic and manual controls in place to ensure that employees who are eligible for SURS and OPEB are identified correctly. The University also has numerous controls over census data for the University's 31,000 employees eligible for SURS and OPEB benefits.

However, the University acknowledges its controls over census data did not always ensure timely reporting of employee events to SURS. Controls for determining pension and OPEB eligibility did not always operate as intended. In addition, the unprecedented nature of the COVID-19 pandemic significantly impacted the timeliness and volume of leave processing.

The University has completed its review of the fiscal year 2022 incremental census data and promptly notified SURS of the changes. The University will continue to enhance controls to improve the timeliness of reporting certain employee events impacting pension and OPEB census data and will strengthen processes for determining pension and OPEB eligibility.

University of Illinois

A Component Unit of the State of Illinois

State Compliance Examination Schedule of Findings (Continued) For the Year Ended June 30, 2023

Finding 2023-011 Inadequate Controls Over Property and Equipment

The University of Illinois (University) did not comply with requirements applicable to its property and equipment.

We tested a sample of 89 items from the University's equipment inventory listing to determine whether the equipment was in the correct location and properly recorded in the University's property records. As a result of our testing, we noted the following:

- Two pieces of data storing equipment (totaling \$78,674) could not be verified by us as still being in the University's possession and should have been located at the Springfield campus.
- Eight pieces of non-data storing equipment (totaling \$1,929,048) had been disposed of per the equipment custodians. The equipment was still included on the University's year-end equipment listing. Seven of these items (totaling \$175,148) should have been located at the Chicago campus and the remaining item (totaling \$1,753,900) should have been located at the Urbana-Champaign campus.
- Two items approved for off-campus use (totaling \$20,900) could not be found.
- Four items (totaling \$1,678,361) at the Urbana-Champaign campus were not properly tagged.

Additionally, the University's certification of inventory as of June 30, 2023, which includes all equipment with an acquisition cost greater than \$2,500 and all high theft equipment, disclosed 95 other items totaling \$1,455,051 which could not be located out of the University's \$2,185,940,753 equipment inventory.

We tested a sample of 60 items located at the University to determine whether the equipment was properly recorded in the University's property records. As a result of our testing, we noted the following:

- Four pieces of equipment (7%) could not be found in the University's property records. Three of these items were located at the Urbana-Champaign campus and one at the Chicago campus.

We tested a sample of 61 equipment acquisitions to determine whether items were added to the University's property records timely and for the correct amount. As a result of our testing, we noted the following:

- Eight (13%) equipment acquisitions (totaling \$1,033,153) were added to the University's equipment inventory records between 13 to 167 days late. Two of the items were acquisitions at the Urbana-Champaign campus and the remaining six were acquisitions of the Chicago campus.
- Five (8%) equipment acquisitions, four at the Urbana-Champaign campus and one at the Chicago campus, were recorded at understated values. The understatements were caused by improperly reducing the acquisition value of two assets by trade-in allowances (totaling \$28,208), not including shipping fees (totaling \$2,150) for two of the assets, and missing one invoice (totaling \$6,500) when recording the value of an asset comprised of multiple invoiced amounts.

University of Illinois

A Component Unit of the State of Illinois

**State Compliance Examination
Schedule of Findings (Continued)
For the Year Ended June 30, 2023**

Finding 2023-011 Inadequate Controls Over Property and Equipment (Continued)

We tested a sample of 60 equipment deletions to determine whether items were removed from the University's property records timely, at the correct amount and properly approved. As a result of our testing, we noted the following:

- Ten (17%) equipment deletions were removed from the University's equipment inventory records between 17 to 426 days late.

The State Property Control Act (30 ILCS 605/4) requires responsible officers at each State Agency to be accountable for supervision, control, and inventory of property under their jurisdiction to ensure proper accounting and safeguarding of assets.

University policy requires staff to affix a property label tag on equipment valued at \$2,500 or more. University policy also states that equipment should be recorded at its total cost and specifically requires shipping fees and trade-in allowances to be included in the cost of equipment acquisitions.

The Illinois Administrative Code (Code) (44 Ill. Admin. Code 5010.400) requires the University to update its property records within 90 days of acquisition, change, or deletion of equipment items, unless the item is a vehicle in which case the University is required to update its records within 30 days.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain a system, or systems, of internal fiscal and administrative controls. The University's system of internal controls should include procedures to ensure all State property is locatable, properly tagged, recorded at the correct value, and recorded in a timely manner.

University officials stated the exceptions were due to human error. Unit staff did not follow established University procedures for recording equipment acquisitions and affixing property tags or reporting disposals. Unlocated items are due to the size of the University's equipment inventory.

Failure to maintain accurate property records could result in inaccurate accounting records and failure to properly tag University equipment could increase the risk of misappropriation or loss of the assets. (Finding Code No. 2023-011)

Recommendation

We recommend the University review its process for ensuring all equipment records are accurately maintained and updated in a timely manner. We also recommend the University strengthen its internal control over the accountability of University equipment.

University Response

Accepted. The University understands the importance of ensuring equipment valued at \$2,500 or more have property tags that are affixed in a timely manner and tracked appropriately. The University will continue to enhance training materials for unit staff with these responsibilities.

University of Illinois

A Component Unit of the State of Illinois

State Compliance Examination Schedule of Findings (Continued) For the Year Ended June 30, 2023

Finding 2023-012 Inadequate Controls Over University Procurement Card Transactions

The University of Illinois (the University) has not complied with University policies and internal controls over procurement card transactions.

The University operates a procurement card (P-Card) program which allows individuals throughout the University to make smaller purchases (defined as less than \$4,999) on a credit card which is directly paid by the University on a monthly basis. The University's policies require employees assigned a procurement card to complete training on policies and procedures, pass a test, and sign an agreement stipulating they will use the card in accordance with University policy. This agreement is also required to be authorized by the individual's supervisor or the department head. The University's policies require transactions incurred on the procurement card to be approved in the University's procurement card system by the individual cardholder and assigned reviewer, and if assigned, a charge code reviewer.

During our test work over 60 procurement card transactions totaling \$288,152, we noted the following:

- One (2%) transaction (totaling \$4,995) was for a professional and artistic service, which was prohibited by the University's procurement card policies and no P-Card Exception Request Form was completed.
- One (2%) transaction (totaling \$4,995) was a charge related to computer software. The required Software Purchased by P-Card Form was not completed.
- One (2%) transaction (totaling \$4,501) for printing services was not in compliance with the Illinois Procurement Code. The Soybean or Vegetable Oil-Based Ink Statement, which verifies the vendor will use the required soybean or vegetable oil-based ink, was not completed prior to using the P-Card. Specifically, the Soybean or Vegetable Oil-Based Ink Statement was completed 134 days after the transaction took place.
- Four (7%) transactions processed in the P-Card software (totaling \$31,776) were not reconciled within 23 days of appearance on the P-Card software, as required. The reconciliations were completed three to 12 days late.
- Four (7%) transactions' (totaling \$21,721) charge codes were not approved within 3 business days after their associated reconciliations were completed, as required. The approvals were completed one to six days late.

The University has approximately 3,936 procurement cards, with transactions totaling \$60,612,339 charged during the year ended June 30, 2023.

The University's policy states all purchases on a P-Card must be in compliance with system procurement, allowable expenditure and funding, payroll, and tax-related policies, as well as with all applicable state and federal statutes. A P-Card Exception Request Form is used to obtain approval to use the P-Card for an expense that is normally prohibited by a policy or is above a cardholder's limit. Approval must be obtained prior to using the P-Card for the purchase. The University's policy also states that prior to using a P-Card to purchase allowable computer software, the unit must complete the Software Purchased by P-Card Form.

**State Compliance Examination
Schedule of Findings (Continued)
For the Year Ended June 30, 2023**

**Finding 2023-012 Inadequate Controls Over University Procurement Card Transactions
(Continued)**

The Illinois Procurement Code (Code) (30 ILCS 500/45-15) states contracts requiring the procurement of offset printing services shall specify the use of soybean oil-based ink or vegetable oil-based ink unless a State purchasing officer determines that another type of ink is required to assure high quality and reasonable pricing of the printed product.

The University's policy also requires the assigned reviewer of a cardholder's P-card transactions to review the expense report and the original, itemized receipts supporting the transactions within 23 calendar days of its appearance in the Chrome River. Additionally, the University's policy requires that after the assigned reviewer approves the P-card transactions, the account coding to which those transaction will be recorded must be approved within 3 business days if a charge code reviewer role has been assigned.

Finally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain a system, or systems, of internal fiscal and administrative controls, to provide assurance that: (1) resources are utilized effectively, and in compliance with applicable law; (2) obligations and cost are in compliance with applicable law; (3) funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation; (4) revenues, expenditures, and transfers of assets, resources or funds applicable to operations are properly recorded and accounted for to permit preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources; and (5) funds held outside the State Treasury are managed, used, and obtained in strict accordance with the terms of their enabling authorities and that no unauthorized funds exist. The University's system of internal controls should include procedures to ensure procurement card transactions are in accordance with University policies and procedures, ensure supporting documentation for receipt of transaction is maintained, and ensure purchases are made in compliance with the Code.

This finding was first noted during the examination of the year ended June 30, 2008. In the subsequent years, the University has been unsuccessful in implementing a corrective action plan.

University officials indicated the bulleted exceptions largely resulted from human error at the individual and/or unit level by not following the prescribed procurement card policies and procedures.

Failure to properly review and approve procurement card transactions in accordance with University policies could result in erroneous or fraudulent transactions being recorded in the general ledger system and noncompliance with the Code. (Finding Code No. 2023-012, 2022-011, 2021-007, 2020-003, 2019-002, 2018-003, 2017-004, 2016-002, 2015-002, 2014-002, 2013-002, 12-02, 11-03, 10-02, 09-02, 08-03)

University of Illinois
A Component Unit of the State of Illinois

**State Compliance Examination
Schedule of Findings (Continued)
For the Year Ended June 30, 2023**

**Finding 2023-012 Inadequate Controls Over University Procurement Card Transactions
(Continued)**

Recommendation

We recommend the University continue to review and improve its internal control over procurement card transactions to ensure compliance with University policies so that erroneous or fraudulent transactions are not recorded in the general ledger system and that purchases are made in accordance with the Code.

University Response

Accepted. While the procurement card is an efficient purchasing mechanism, the University also recognizes the importance of procurement card process controls, training, and transaction monitoring. The University will continue to enforce the required training in place while working to implement additional controls to enhance training opportunities for cardholders.

University of Illinois

A Component Unit of the State of Illinois

State Compliance Examination Schedule of Findings (Continued) For the Year Ended June 30, 2023

Finding 2023-013 Failure to Follow Time Reporting Requirements

The University of Illinois (University) does not require all employees to submit time reports as required by the State Officials and Employees Ethics Act (Act) and does not have adequate procedures to ensure accurate employee time reporting.

During testing of payroll, we selected 60 employees across all three campuses and noted the following:

- Seven (12%) employees (three from the Urbana-Champaign campus and four from the Springfield campus) did not file time reports as required by the Act. University management stated faculty, postdoctoral employees, instructors, and lecturers continue to track their time using a “negative” timekeeping system whereby the employee is assumed to be working, unless noted otherwise.
- One (2%) employee receiving a monthly salary from the Urbana-Champaign campus failed to follow the University’s state time reporting policies and did not submit a timecard as required by the Act.

The State Officials and Employees Ethics Act (Act) (5 ILCS 430/1-5) defines “State agency” to include “public institutions of higher learning...” and defines “State employee” to be “any employee of a State agency”. The Act required the Illinois Board of Higher Education (IBHE), with respect to State employees of public universities, to adopt and implement personnel policies. The Act (5 ILCS 430/5-5(c)) also states, “The policies shall require State employees to periodically submit time sheets documenting the time spent each day on official State business to the nearest quarter hour; contractual State employees may satisfy the time sheets requirement by complying with the terms of their contract, which shall provide for a means of compliance with this requirement.” The IBHE adopted personnel policies for public universities on February 3, 2004 in accordance with the Act. The University has not incorporated these policies into the University’s policies.

The University Reporting Policy for the State Officials and Employees Ethics Act (SOEEA) requires all Academic Professional and Civil Service employees to document all hours worked while conducting official University business. Academic Professional and exempt Civil Service (not eligible for overtime) employees are to use the University’s Online Time Reporting (PTR) tool for this reporting.

This finding was first noted during the examination of the year ended June 30, 2005. In the subsequent years, the University has been unsuccessful in implementing a corrective action plan.

University officials stated they have not incorporated policies regarding time reporting for all employees as they are having continued dialogue with the academic leadership on this matter. In the meantime, the System has implemented several mechanisms to comply with the requirement for the majority of their employees such as training and weekly reminder emails; however, it has proven difficult to achieve full compliance due to the thousands of employees with competing priorities.

University of Illinois

A Component Unit of the State of Illinois

**State Compliance Examination
Schedule of Findings (Continued)
For the Year Ended June 30, 2023**

Finding 2023-013 Failure to Follow Time Reporting Requirements (Continued)

Failure to follow and ensure all employees comply with time reporting requirements of the Act results in noncompliance with the Act. (Finding Code No. 2023-013, 2022-012, 2021-015, 2020-013, 2019-008, 2018-014, 2017-016, 2016-016, 2015-021, 2014-023, 2013-016, 12-19, 11-33, 10-37, 09-40, 08-11, 07-11, 06-06, 05-06)

Recommendation

We recommend the University implement procedures to ensure all employees submit time sheets as required by the Act.

University Response

Accepted. The University is working to seek legislative remedy. Senate Bill 3702 was introduced on February 9, 2024. If this bill passes, it will exempt our tenure and non-tenure track faculty, and employees not eligible for overtime, from having to report their time spent each day on official State business.

University of Illinois

A Component Unit of the State of Illinois

State Compliance Examination Schedule of Findings (Continued) For the Year Ended June 30, 2023

Finding 2023-014 Noncompliance with Illinois Articulation Initiative

The University of Illinois (University) did not submit a minimum of one course per major under the Illinois Articulation Initiative (Initiative) for some majors offered by the University and faculty members of the University appointed by the Board of Higher Education to serve on panels to review the courses were not able to fully participate during the fiscal year.

The Initiative, through its itransfer.org website, exists to ease the transfer of students among the State's associate and baccalaureate degree granting institutions. The Initiative consists of both a General Education Core Curriculum package, where completion of the entire package at one institution is fully accepted by 108 institutions across the State, and an Initiative major, which are common courses at the lower-division level that can be used to ensure students are prepared for upper-division work at 57 institutions across the State.

During testing, we noted the University did not have a minimum of one course included within the related Initiative major for its:

- Business and physics degree programs at the Urbana-Champaign campus;
- Computer science degree program at the Chicago campus;
- Art, political science, and psychology degree programs at the Springfield campus.

Additionally, we noted across the three campuses, the University had 29 faculty members appointed to serve on the panels that review courses. The panels typically meet once a semester. Seven (24%) faculty members did not attend one panel meeting and three (10%) missed both meetings.

The Illinois Articulation Initiative Act (IAI) (110 ILCS 152/15) requires the University participate in the Initiative by maintaining a minimum of one course in the related Initiative major, if the University has an equivalent major and courses. Additionally, IAI requires the University to provide faculty as appointed by the Board of Higher Education to serve on panels to review the courses.

This finding was first noted during the examination of the year ended June 30, 2020. In the subsequent years, the University has been unsuccessful in implementing a corrective action plan.

University officials stated they did not submit one course per major due to the time needed to submit and have the course's host department's faculty and the Initiative approve University courses. Further, some faculty members were not able to attend the panel meetings due to other scheduling conflicts.

Failure to fully participate in the Initiative by submitting, at least, one course per Initiative major could hinder students looking to transfer to other institutions and represents noncompliance with State law. Additionally, lack of participation in the review panels hinders a timely and thorough review of submitted courses. (Finding Code No. 2023-014, 2022-013, 2021-017, 2020-017)

University of Illinois
A Component Unit of the State of Illinois

**State Compliance Examination
Schedule of Findings (Continued)
For the Year Ended June 30, 2023**

Finding 2023-014 Noncompliance with Illinois Articulation Initiative (Continued)

Recommendation

We recommend the University comply with the requirements of the Illinois Articulation Initiative Act or seek legislative remedy.

University Response

Accepted, the University of Illinois Urbana-Champaign submitted two courses for Business that were not approved. We are working with the Initiative's Director to determine a path forward. All other majors noted have had courses approved by the Initiative in fiscal year 2024. Additionally, the University is working to seek legislative remedy. Senate Bill 3594 was introduced on February 9, 2024. We will continue to address the recommendations in this finding.

University of Illinois

A Component Unit of the State of Illinois

State Compliance Examination Schedule of Findings (Continued) For the Year Ended June 30, 2023

Finding 2023-015 Untimely Vehicle Accident Reporting

The University of Illinois (University) did not report certain automobile accidents involving University vehicles to the Department of Central Management Services in a timely manner.

During our testing of the operation of University vehicles, we noted the University reported 169 accidents involving University employees to the Department of Central Management Services (CMS) during fiscal year 2023. The Urbana-Champaign campus reported 136 accidents, the Chicago campus reported 32 accidents and the Springfield campus reported one accident.

- Of the 136 accidents reported by the Urbana-Champaign campus, 22 (16%) were not reported timely and ranged from one to 56 days late.
- Of the 32 accidents reported by the Chicago campus, 12 (38%) were not reported timely and ranged from one to 12 days late.
- Upon further review of the University's listing of accidents, we noted the Urbana-Champaign campus did not report one accident to CMS at all.

In addition, we noted the following:

- Of the 136 accidents reported to the Urbana-Champaign campus, 24 (18%) were not reported timely to the Urbana-Champaign campus' motor pool and ranged from one to 42 days late.
- Of the 32 accidents reported to the Chicago campus, nine (28%) were not reported timely to the Chicago campus' Transportation Office and ranged from one to seven days late.
- Upon further review of the University's listing of accidents, we noted the Urbana-Champaign campus submitted one accident claim to CMS but did not include it on the University's listing.

The Illinois Administrative Code (Code) (44 Ill. Admin. Code 5040.520) requires a driver of any vehicle that is involved in an accident of any type within the scope or course of the employment to report such accident to the appropriate law enforcement agency and to CMS Auto Liability Unit by completing the Illinois Motorist Report (Form SR-1). For all accidents, the Form SR-1 is to be completed as soon as possible and submitted to the office of the current insurance carrier. In no case is this report to be completed later than three days following an accident. In all cases, the completed Form SR-1 must be received by CMS no later than seven calendar days following the accident or the driver and agency risk forfeiture of coverage under the State's auto liability plan.

According to the University's Business and Financial Policies and Procedures (Section 15.3 Motor Vehicle Accidents), an accident is defined as damage to state-owned property and/or damage to another party's property or their person and must be reported by the employee to the concerned campus motor pool (Urbana Champaign) or Transportation Office (Chicago), and the employee's immediate supervisor within 24 hours, or the next business day after a weekend or University holiday.

University officials stated exceptions were due to differing reasons, including failure of the employees to understand and/or follow policy or misunderstanding requirements.

University of Illinois
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**State Compliance Examination
Schedule of Findings (Continued)
For the Year Ended June 30, 2023**

Finding 2023-015 Untimely Vehicle Accident Reporting (Continued)

Failure to report automobile accidents to CMS in a timely manner may cause the University to be denied coverage and result in additional liabilities for the University and results in noncompliance with the Code. In addition, failure to report all accidents by employees to the University in a timely manner results in noncompliance with University policies. (Finding Code No. 2023-015, 2022-014, 2021-018)

Recommendation

We recommend the University implement procedures to ensure accidents are reported in a timely manner. We also recommend the University ensure policies and procedures are clearly understood and followed by all personnel responsible for the oversight of University vehicles within each department.

University Response:

Accepted. UIC and UIUC Motor Pools continue to reinforce the policies and procedures related to prompt reporting of accidents. Both universities continue to review ways to improve the accident reporting process and communication of the policies. In addition, the universities are working with CMS to utilize the secure CMS database to submit employee social security number information. UIUC has reinstated the practice of notifying departments of late report submissions as part of the overall process. The University of Illinois is also developing an electronic reporting and tracking system for reportable vehicle accidents to improve the reporting process.

University of Illinois

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State Compliance Examination Schedule of Findings (Continued) For the Year Ended June 30, 2023

Finding 2023-016 Noncompliance with University Faculty Research and Consulting Act

The University of Illinois Trustees (University) did not comply with the provisions of the University Faculty Research and Consulting Act (Act).

A disclosure application, *START myDisclosures* is used by all faculty employees to annually complete a disclosure and request for approval to perform outside research or consulting services. Throughout the year, additional disclosures and requests for prior approval are necessary whenever a change in such activities is proposed or when required by granting agencies.

In reviewing the disclosure application, we noted the following:

- There was no field for faculty member to disclose if they were full or part time employees of the University. The Act applies only to full-time faculty members and we were unable to obtain a population that contained only those individuals.
- The disclosure did not require the faculty member to list the start date of the research or consulting service. As a result, we were unable to determine if written approval of the President, or his designee, was obtained prior to the start of such services.

Even given the limitations noted above, we selected 47 full-time faculty employees from the provided population, sample selection was 60 but 13 were determined to be part-time faculty and not subject to the Act, and noted the following:

- Three (6%) of the research or consulting services reported did not include the estimated time for outside research or consulting service and also did not report the actual time spent after the services were completed
- Four (9%) of the forms that disclosed outside research or consulting services did not have the date of when the outside work was approved

Under the Act (110 ILCS 100/1), full time faculty members of the University must obtain prior written approval from the President of the University, or his designee, before agreeing to perform gainful research or consulting work. The approval request must contain an estimate of the time to be spent on the outside work and the faculty member must submit an annual statement of the actual hours spent on the outside work.

Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001), requires the University to establish and maintain a system, or systems, of internal controls to provide assurance obligations and costs are in compliance with applicable law. The University's system of internal controls should ensure that forms used to comply with state regulations contain all the information needed to verify compliance.

University officials stated its policy goes beyond what is required by the University Faculty Research and Consulting Act by including faculty with part-time appointments and requiring faculty to disclose financial relationships and activities beyond consulting and research. Also, the University considers the approval date as the start date, as outside activities may relate to faculty research project that are ongoing and/or have a number of milestones that could be considered the start date. Additionally, many faculty members have longstanding relationships and activities with external entities and keep activities from prior years on their report even if they do not plan to spend time on the activity in the current academic year.

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**State Compliance Examination
Schedule of Findings (Continued)
For the Year Ended June 30, 2023**

**Finding 2023-016 Noncompliance with University Faculty Research and Consulting Act
(Continued)**

Failure to properly document the start date and the estimated and actual time spent for outside research or consulting services results in noncompliance with the Act. (Finding Code No. 2023-016)

Recommendation

We recommend the University work to update its disclosure form to include all information necessary to document compliance with the requirements of the University Faculty Research and Consulting Act.

University Response

Accepted. The University will consider the recommendations made in this finding when planning for academic year 2024-2025.

**State Compliance Examination
Schedule of Findings (Continued)
For the Year Ended June 30, 2023**

Finding 2023-017 Inadequate Controls over Compliance with State Officials and Employee Ethics Act

The University did not ensure newly hired employees completed their initial ethics and sexual harassment training in accordance with the requirement of the State Officials and Employees Ethics Act (Act).

During our review of 60 employees, including 16 newly hired employees, required to complete ethics and sexual harassment training for the fiscal year ended June 30, 2023, we noted the following:

- Three of the 16 (19%) new employees did not timely complete the initial ethics training as required. The training was completed 42 to 57 days late by two of the employees and not completed by the last employee.
- Two of the 16 (13%) new employees did not timely complete the initial sexual harassment training as required. The training was completed 42 days late by one employee and not completed by the other employee.

The Act (5 ILCS 430/5-10) states a person employed in a position that requires training must complete his or her initial ethics and sexual harassment training within 30 days after commencement of his or her office or employment.

In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain an effective system, or systems, of internal control. Effective internal controls should ensure all employees are in compliance with mandated training requirements.

University officials stated the exceptions were due to oversight by the employee and monitoring of training completion by the hiring units.

Failure to ensure employees complete their initial ethics and sexual harassment training within the required timeframe results in noncompliance with the Act. In addition, new employees may be unaware of specific ethical requirements for State employees without timely training. (Finding Code No. 2023-017, 2022-016, 2021-020)

Recommendation

We recommend the University strengthen its controls to ensure all employees complete their initial ethics and sexual harassment training in accordance with the requirements of the State Officials and Employee Ethics Act.

University Response

Accepted. The University maintains two of the three identified employees had previously worked within the institution and completed initial training as required. These employees did not complete the initial training again when rehired. The University has developed a report that will allow units to review and monitor the completion of this training more quickly after hire to help ensure all new employees complete new hire training requirements within the time designated within state law. This reporting is currently in the final stages of testing.

**State Compliance Examination
Schedule of Findings (Continued)
For the Year Ended June 30, 2023**

Finding 2023-018 Noncompliance with Public University Admission Pilot Program

The University of Illinois (University) did not comply with the provisions of the Public University Uniform Admission Pilot Program Act (Act).

During our testing of the University's compliance with the Act we noted the following:

- The University of Illinois Chicago (UIC) was not able to implement the uniform admission pilot program plan to admit community college transfer students for the Fall 2022 semester and eligible students needed to wait to enroll until the Spring 2023 semester.
- The UIC and the University of Illinois Springfield (UIS) transfer student population lists of who were eligible for the uniform admission pilot program were inaccurate. Specifically, we noted four of the 60 samples selected (7%) had only 22 to 33 eligible transfer hours and another four selections (7%) had grade point averages of 2.19 to 2.51.

The Act (110 ILCS 118/10(b)) required the University to create a four-year uniform admission pilot program to admit community college transfer students for each semester of the pilot program starting with the 2022-2023 academic year. The Act also specifies the University under the program shall guarantee admission to applicants who have enrolled only at an Illinois community college since graduating from an Illinois high school, have a minimum of 36 graded, transferable credit hours at the time of application, a minimum grade point average of 3.0 on those courses, and satisfied the University's English language proficiency requirements.

University officials indicated UIC was unable to implement the plan prior to the Fall 2022 semester due to the time needed to make system changes and when acceptance decisions are sent for a semester. For the transfer student population lists provided by UIC and UIS, the exceptions were due to human error. The individuals did not qualify for guaranteed admission under the uniform admission pilot program, but did qualify and were admitted based on the UIC or UIS admission criteria (admission would not be guaranteed).

Failure to timely implement the Act resulted in students being denied admittance until a subsequent semester. Additionally, not accurately tracking which individuals are eligible to enroll under the pilot program hinders accurate evaluation of the impact of the program. (Finding Code No. 2023-018)

Recommendation

We recommend the University review and update its tracking procedures for individuals who qualify to enroll under the pilot program to ensure accurate lists can be generated.

University Response

Accepted. UIC was not in compliance with this Act during Fall 2022, however the necessary corrective action was implemented with the Spring 2023 cohort. In addition, UIC provided applicants from Fall 2022 who should have been guaranteed admission for Fall 2022 an offer to a different major for Spring 2023. While the applicants met the Pilot Program criteria, these applicants did not meet requirements for the college/major they selected, thus were offered an alternative college for Spring 2023.

The necessary corrective action to ensure transfer student population lists are accurate has also been implemented.

University of Illinois

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**State Compliance Examination
Schedule of Findings (Continued)
For the Year Ended June 30, 2023**

Finding 2023-019 Untimely Veterans Services Reporting

The University of Illinois (University) did not file its campus reports on the fiscal impact of the programs and services (Report) related to the Higher Education Veterans Service Act to the Illinois Board of Higher Education (IBHE) timely.

During our examination, we noted the following delays in the submission of the Impact Reports:

- The University of Illinois Chicago's Report was filed September 6, 2022, 5 days late. Additionally, one of the questions was not completed. The final, fully completed report was filed February 27, 2023.
- The University of Illinois Springfield's Report was filed March 13, 2023, 193 days late.
- The University of Illinois Urbana-Champaign's Report was not filed until March 3, 2023, 183 days late.

The Higher Education Veterans Service Act (Act) (110 ILCS 49) requires the University to report to the IBHE, by September 1, the fiscal impact of the programs and services related to the requirements of the Act and on the efforts of the University in attracting, recruiting, and retaining veterans and military personnel.

University officials stated exceptions were due to human error. For University of Illinois Springfield specifically, the report submission responsibility was in the process of transitioning to the Director for Military and Veteran Student Services. Additionally, the University of Illinois Chicago was not aware a question had been missed until it was informed on February 27, 2023. The updated report was submitted the same day the University was made aware of the needed correction.

Failure to file the campus' reports timely results in noncompliance with the Act. (Finding Code No. 2023-019)

Recommendation

We recommend the University implement procedures to ensure the reports are submitted in a timely manner.

University Response

Accepted. The necessary corrective action to address the recommendation in this finding has been implemented.

**State Compliance Examination
Schedule of Findings (Continued)
For the Year Ended June 30, 2023**

Finding 2023-020 Noncompliance with University of Illinois Act

The University of Illinois (University) did not fully comply with the benefits navigator section of the University of Illinois Act (Act).

During testing, we noted the following:

The University's Springfield campus did not have documented coordination efforts to provide culturally specific resources, including resources to non-English speakers, to support students at the campus. The Act (110 ILCS 305/160(c)(3)) requires the benefits navigator to coordinate and provide culturally specific resources, including resources for non-English speakers, to support students at the University.

The University's Springfield and Chicago campuses did not have processes for students to provide feedback and recommendations on how applying for benefits and determining eligibility for the benefits could be improved. The Act (110 ILCS 305/160(d)) requires the University to develop an internal process which enables students at the University to provide feedback and recommendations on how the University can better assist students in determining eligibility for benefit programs and applying for assistance under benefit programs.

University officials stated noncompliance is due to the time needed to develop and implement policies and procedures to ensure compliance with the Act, which first became effective January 1, 2023.

Failure to fully comply with the provisions of the Act hinders the University to develop best practices for benefits navigators and to better assist students, and represents noncompliance with State law. (Finding Code No. 2023-020)

Recommendation

We recommend the University implement policies and procedures to comply with the Act.

University Response

Accepted. The University of Illinois Chicago is developing a mechanism to allow students to provide feedback and recommendations to the campus about applying for and accessing basic needs benefits. The university's goal is to have this completed prior to the start of the Fall 2024 term.

While not in full compliance with this act, the University of Illinois Springfield does provide assistance to students in need and directs them to the appropriate resources. The university is working to add additional staff to comply with both the letter and spirit of the law.

University of Illinois

A Component Unit of the State of Illinois

**State Compliance Examination
Schedule of Findings (Continued)
For the Year Ended June 30, 2023**

Finding 2023-021 Weaknesses in Cybersecurity Program and Practices

The University of Illinois had weaknesses related to cybersecurity programs, practices and control of confidential information.

As a result of the University's mission to provide higher educational opportunities, the University maintains computer systems that contain large volumes of confidential or personal information such as names, addresses, educational records, Social Security numbers, and health records.

The Illinois State Auditing Act (30 ILCS 5/3-2.4) requires the Auditor General to review State agencies and their cybersecurity programs, practices, and control of confidential information. During our examination of the University's cybersecurity program, practices, and control of confidential information, we noted the University had not completed a comprehensive risk assessment or implemented risk reducing controls.

Additionally, we noted nine out of the tested 103 employees (9%) did not complete the Information Security Training.

The Security and Privacy Controls for Information Systems and Organizations (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST), Risk Assessment section, requires entities to develop a risk management framework, conduct risk assessments and implement controls based on the risk assessment.

The University's Information Security Policy and the Security Training Standards states University Community Members must complete the appropriate privacy and security training annually.

University management stated they believed the risk assessment process was adequate. Additionally, University management indicated the weakness related to cybersecurity training was the result of not having a mechanism in place to enforce and follow-up on noncompliance.

The lack of a comprehensive risk assessment and implementation of risk reducing controls could result in unknown vulnerabilities to the University's environment, applications, and data. Additionally, failure to ensure all community members complete security training could result in vulnerabilities to the University's applications and data. (Finding Code No. 2023-021, 2022-017, 2021-021, 2020-018)

Recommendation

We recommend the University complete a comprehensive risk assessment and implement risk reducing controls. In addition, we recommend the University ensure all community members complete the required information security training annually.

University Response

Accepted. The University has an Enterprise Risk Management function that produces a risk assessment each year that includes all functions of the University including information technology. Specific information technology risk assessments are performed regularly at various levels of the University. Additionally, specific compliance information technology risk assessments are performed annually. The University will evaluate the appropriate scope to enhance the information technology risk assessment process. The University will also continue to offer cybersecurity awareness training on at least an annual basis and consider strategies to increase completion percentages.

University of Illinois

A Component Unit of the State of Illinois

State Compliance Examination Schedule of Findings (Continued) For the Year Ended June 30, 2023

Finding 2023-022 Inadequate Controls over Remote Access

The University of Illinois (University) did not ensure adequate security controls over remote access to its environment, applications and data.

In order to continue its business activities, the University allowed users to access its environment, applications and data. Our review of the University's controls over remote access, we noted:

- The University-University of Illinois Urbana Champaign (UIUC) had not developed policies and procedures defining remote access requirements for the period of July 1, 2022 through December 29, 2022.
- The University-University of Illinois Medical Center (UIMC) did not maintain documentation of remote users' authorization for remote access.
- UIMC did not review users with remote access on a periodic basis.

The Security and Privacy Controls for Information Systems and Organizations (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST), Access Control and System and Communication Protection sections, requires entities to implement adequate controls over access to its environment, applications and data.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State's resources.

University management stated system limitations did not maintain documentation of remote access authorization.

Without adequate controls over remote access, unauthorized individuals may have access, resulting in potential malicious activity. (Finding Code No. 2023-022, 2022-018)

Recommendation

We recommend the University develop detailed policies and procedures defining remote access requirements and maintain documentation authorizing remote users' access.

University Response

Accepted. Remote access to UIMC resources is protected with industry standard controls including multi-factor authentication and managed computing machines. UIMC implemented a new form in their ticketing system that will contain authorization to provision a managed computing machine to a user. Additionally, an initial review of those users with a managed machine has been completed.

UNIVERSITY OF ILLINOIS
A Component Unit of the State of Illinois

State Compliance Examination

Year Ended June 30, 2023

Schedule of Findings

Prior Findings Not Repeated

A. Inadequate Controls over Fiduciary Fund Accruals

During the prior audit, the University of Illinois (the University) did not have controls in place to ensure that addition and deduction accruals were appropriately identified and recorded in the fiduciary fund statements.

During the current audit, our testing over fiduciary fund accruals did not identify any errors. (Finding Code No. 2022-002, 2021-004)

B. Excess Cash - SFA

During the prior audit, the University of Illinois Chicago had one instance of excess cash for the Direct Loan program.

During the current audit, our testing over excess cash did not identify any errors. (Finding Code No. 2022-005, 2021-012)

C. Inadequate Support for Procurement

During the prior audit, the University of Illinois Chicago did not maintain adequate records for procurement transactions in the Research and Development Cluster and for procurement transactions in the HIV-Related Training and Technical Assistance program.

During the current audit, our testing over procurement did not identify any errors. (Finding Code No. 2022-010)

D. Contracts and Lease Agreements Not Properly Executed

In the prior year examination, the University of Illinois (University) did not establish adequate internal controls and leases to ensure all necessary approvals were received, all required forms were obtained, and the agreements were executed prior to performance.

During the current examination, we noted the University made improvements over its processing of contractual agreements based on our sample testing. While there was improvement, we did note some continued instances of noncompliance further described in the University's Independent Accountant's Report of Immaterial Findings as Finding Code No. IM2023-001. (Finding Code No. 2022-015)

E. Weakness over Reviews of SOC Report Reviews

In the prior year examination, the University of Illinois (University) did not ensure adequate control over monitoring and evaluating risks of service providers.

During the current examination, we noted the University had improved its controls over the review of SOC reports. (Finding Code No. 2022-019)