



STATE OF ILLINOIS  
**OFFICE OF THE  
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**UNIVERSITY OF ILLINOIS**

**Financial Audit  
 For the Year Ended June 30, 2020**

**Release Date: May 25, 2021**

FINDINGS THIS AUDIT: 3	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
<b>Category 1:</b>	<b>1</b>	<b>0</b>	<b>1</b>	2009		20-2	
<b>Category 2:</b>	<b>0</b>	<b>2</b>	<b>2</b>	2008		20-3	
<b>Category 3:</b>	<b>0</b>	<b>0</b>	<b>0</b>				
<b>TOTAL</b>	<b>1</b>	<b>2</b>	<b>3</b>				
<b>FINDINGS LAST AUDIT: 2</b>							

**INTRODUCTION**

The University’s financial audit report consists of three sets of financial statements as follows – the financial statements of the University, the revenue bond financial statements of the Auxiliary Facilities System and the Health Services Facilities System.

This digest covers the University of Illinois’s Financial Audit as of and for the year ended June 30, 2020. The University’s Compliance Examination (including Single Audit) will be issued in a separate report at a later date.

**SYNOPSIS**

- **(20-1)** The University did not have adequate internal control over reporting its census data and did not have a reconciliation process to provide assurance census data submitted to its pension and other postemployment benefits plans was complete and accurate.

<p><b>Category 1:</b> Findings that are <b>material weaknesses</b> in internal control and/or a <b>qualification</b> on compliance with State laws and regulations (material noncompliance).</p> <p><b>Category 2:</b> Findings that are <b>significant deficiencies</b> in internal control and <b>noncompliance</b> with State laws and regulations.</p> <p><b>Category 3:</b> Findings that have <b>no internal control issues but are in noncompliance</b> with State laws and regulations.</p>
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**UNIVERSITY OF ILLINOIS**  
**FINANCIAL AUDIT**  
**For the Year Ended June 30, 2020**

<b>FINANCIAL OPERATIONS (In Thousands)</b>	<b>2020</b>	<b>2019</b>
<b>Operating Revenues</b>		
Tuition and fees, net.....	\$ 1,233,646	\$ 1,193,419
Federal grants, contracts and appropriations.....	731,035	707,334
State and private gifts, grants and contracts.....	218,517	211,264
Hospital and medical activities.....	1,070,630	1,037,721
Auxiliary enterprises, net.....	376,036	434,532
Educational activities.....	348,692	337,160
Other.....	13,559	13,209
Total Operating Revenues.....	<u>3,992,115</u>	<u>3,934,639</u>
<b>Operating Expenses</b>		
Instruction.....	1,563,588	1,449,939
Research.....	882,048	815,345
Public service.....	445,437	427,006
Academic support.....	573,526	546,057
Student services.....	234,055	217,124
Hospital and medical activities.....	1,066,474	951,286
Auxiliary enterprises.....	376,084	382,124
Operation and maintenance of plant.....	343,874	334,632
Institutional support.....	344,614	296,934
Depreciation.....	252,588	244,185
Scholarships and fellowships.....	90,761	57,257
Other.....	9,031	8,892
Total Operating Expenses.....	<u>6,182,080</u>	<u>5,730,781</u>
Operating Loss.....	(2,189,965)	(1,796,142)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations.....	608,629	580,983
Capital appropriations, gifts and grants.....	10,814	15,474
Private gifts and endowments.....	208,920	189,731
On behalf/Special funding for fringe benefits.....	1,187,660	1,045,484
Other, net.....	411,163	341,994
<b>INCREASE IN NET POSITION.....</b>	<u>237,221</u>	<u>377,524</u>
Net Position, beginning of year.....	3,790,789	3,413,265
Net Position, end of year.....	<u>\$ 4,028,010</u>	<u>\$ 3,790,789</u>
<b>SUMMARY - STATEMENT OF NET POSITION (In Thousands)</b>		
Current Assets.....	\$ 2,167,417	\$ 1,743,207
Noncurrent Assets and Deferred outflows.....	<u>6,567,721</u>	<u>6,560,724</u>
Total Assets and Deferred outflows.....	8,735,138	8,303,931
Current Liabilities.....	1,218,965	1,113,569
Noncurrent Liabilities and Deferred inflows.....	<u>3,488,163</u>	<u>3,399,573</u>
Total Liabilities.....	4,707,128	4,513,142
Total Net Position.....	<u>\$ 4,028,010</u>	<u>\$ 3,790,789</u>
<b>PRESIDENT</b>		
During Audit Period and Current: Timothy L. Killeen		

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**INADEQUATE INTERNAL CONTROLS OVER  
CENSUS DATA**

**Internal controls over census data  
need improvement**

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

Some of the more significant issues we noted during our testing are as follows:

**An initial complete reconciliation  
had not been performed**

- The University had not performed an initial complete reconciliation of its census data recorded by SURS and CMS to its internal records to establish a base year of complete and accurate census data.

**18 individuals were improperly  
excluded from participating in SURS**

- We conducted data matches of (1) individuals pulled from the University's records whom the University believed should have been participating in SURS during the census data accumulation period throughout Fiscal Year 2018 and (2) the University's faculty members teaching a class during the census data accumulation period throughout Fiscal Year 2018 to SURS' records. As a result of this testing, we identified 18 individuals who had been improperly excluded from participating in SURS, which resulted in these people not having any employee contributions collected by the University and reported to SURS during the census data accumulation period throughout Fiscal Year 2018. Additionally, we identified one individual who did not qualify to participate in SURS. As this person had been deemed SURS-eligible, the University collected and reported employee contributions to SURS during the census data accumulation period throughout Fiscal Year 2018.

We performed an analysis of transactions reported by the University to SURS during the census data accumulation period throughout Fiscal Year 2018, noting the following problems:

**72 employees reported as hired had  
actually be hired in other fiscal years**

- Seventy-two of 792 (9%) employees reported as hired had actually been hired in other fiscal years. SURS determined the total potential impact to each employee's total service credit was it could be off by one-quarter to 2.25 years.
- Forty-four of 467 (9%) employees with a departure on a leave of absence had the start date of the leave of

absence untimely reported to SURS by the University. SURS determined the total potential impact to each of these employee's total service credit was it could be off by one-quarter to 9.75 years.

- Thirty-seven of 362 (10%) employees with a return from a leave of absence had the end date of the leave of absence untimely reported to SURS by the University. SURS determined the total potential impact to each of these employee's total service credit was it could be off by one-quarter to 8.5 years.
- As of the end of the census data accumulation year on June 30, 2018, we identified 25 employees where each employee's associated termination or rehire date(s) had been untimely reported to SURS. While these employees were all associated with the University at June 30, 2018, some or all of these untimely reports may have occurred at other public universities and community colleges across the State. SURS determined these errors resulted in the employees being misclassified between the active, retired, and inactive member categories within SURS. The total potential impact to each former employee's total service credit was it could be off between 0.0 and 1.75 years. (Finding 1, Pages 5-9)

We recommended the University implement controls to ensure census data events are timely and accurately reported to the State Universities Retirement System (SURS) and the State of Illinois, Department of Central Management Services (CMS). We also recommended the University work with SURS and CMS to develop an annual reconciliation process of its active members' census data from its underlying records to a report from each plan of census data submitted to the plan's actuary.

**University agrees with the auditors**

University officials agreed with the finding.

**OTHER FINDINGS**

The remaining findings pertaining to inadequate procedures over expense deferrals and other cut-off related issues and inadequate controls over university procurement card transactions and are reportedly being given attention by the University. We will review the University's progress towards implementation of our recommendations in our next engagement.

**AUDITOR'S OPINION**

Our auditors stated the financial statements of the University, the Auxiliary Facilities System and the Health Services Facilities System as of June 30, 2020, and for the year then ended, are fairly stated in all material respects.

This financial audit was conducted by CliftonLarsonAllen LLP.

**SIGNED ORIGINAL ON FILE**

JANE CLARK  
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

**SIGNED ORIGINAL ON FILE**

FRANK J. MAUTINO  
Auditor General

FJM:TLK