



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, 2023**

Release Date: February 6, 2024

FINDINGS THIS AUDIT: 3				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	2	2	2022	23-2		
Category 2:	1	0	1	2009	23-1		
Category 3:	0	0	0				
TOTAL	1	2	3				
FINDINGS LAST AUDIT: 4							

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 revenue bond financial statements of the Health Services Facilities System.

This digest covers the University of Illinois’s Financial Audit as of and for the year ended June 30, 2023. The University’s Compliance Examination and Single Audit will be issued in separate reports at a later date.

SYNOPSIS

- **(23-1)** The University did not maintain appropriate control over accounting for grant subawards.

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).
Category 2: Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.
Category 3: Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

UNIVERSITY OF ILLINOIS
FINANCIAL AUDIT
For the Year Ended June 30, 2023

FINANCIAL OPERATIONS (In Thousands)	2023	2022
Operating Revenues		
Tuition and fees, net.....	\$ 1,357,470	\$ 1,340,843
Federal grants, contracts and appropriations.....	876,294	839,651
State, private and other government agency grants and contracts.....	277,505	268,292
Hospital medical service plans, and other medical activities, net.....	1,455,595	1,318,512
Auxiliary enterprises, net.....	445,349	435,883
Educational and other activities.....	534,241	593,679
Other.....	12,241	10,649
Total Operating Revenues.....	<u>4,958,695</u>	<u>4,807,509</u>
Operating Expenses		
Instruction.....	1,418,559	1,683,276
Research.....	933,228	1,010,241
Public service.....	521,456	631,864
Academic support.....	581,380	649,195
Student services.....	254,153	249,251
Hospital and medical activities.....	1,138,172	1,215,541
Auxiliary enterprises.....	372,638	389,384
Operation and maintenance of plant.....	370,918	325,505
Institutional support.....	260,267	322,032
Depreciation and amortization.....	337,381	299,197
Scholarships and fellowships.....	84,381	156,563
Other.....	6,563	8,411
Total Operating Expenses.....	<u>6,279,096</u>	<u>6,940,460</u>
Operating Loss.....	(1,320,401)	(2,132,951)
NONOPERATING REVENUES (EXPENSES)		
State appropriations.....	634,774	638,024
Capital appropriations, gifts and grants.....	58,352	53,127
Private gifts and endowments.....	250,739	218,427
On behalf/Special funding for fringe benefits.....	552,363	1,355,702
Other, net.....	430,963	420,473
INCREASE IN NET POSITION.....	<u>606,790</u>	<u>552,802</u>
Net Position, beginning of year.....	5,292,364	4,737,823
Restatement	3,835	1,739
Net Position, beginning of year, as restated.....	5,296,199	4,739,562
Net Position, end of year.....	<u>\$ 5,902,989</u>	<u>\$ 5,292,364</u>
SUMMARY - STATEMENT OF NET POSITION (In Thousands)		
Current Assets.....	\$ 2,449,056	\$ 2,610,304
Noncurrent Assets and Deferred outflows.....	8,035,060	7,193,405
Total Assets and Deferred outflows.....	10,484,116	9,803,709
Current Liabilities.....	1,165,853	1,111,277
Noncurrent Liabilities and Deferred inflows.....	3,415,274	3,400,068
Total Liabilities.....	4,581,127	4,511,345
Total Net Position.....	<u>\$ 5,902,989</u>	<u>\$ 5,292,364</u>

PRESIDENT

During Audit Period and Current: Timothy L. Killeen

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**INADEQUATE CONTROLS OVER REVENUE AND
EXPENSE ACCRUALS FOR GRANT SUBAWARDS**

**Controls over accounting for grant
subawards need improvement**

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. (Finding 1, Page 5)

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

University agreed

University officials agreed with the recommendation.

OTHER FINDINGS

The remaining findings pertained to weaknesses in controls over Electronic Health Record System and inadequate controls over classifying assets as restricted 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(S)

Our auditors stated the financial statements of the University, the Auxiliary Facilities System and the Health Services Facilities System as of June 30, 2023, and for the year then ended, are fairly stated in all material respects.

This financial audit was conducted by RSM US 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