



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, 2025

Release Date: January 15, 2026

FINDINGS THIS AUDIT: 2				AGING SCHEDULE OF REPEATED FINDINGS			
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	1	1	2022	25-1		
Category 2:	1	0	1				
Category 3:	0	0	0				
TOTAL	1	1	2				
FINDINGS LAST AUDIT: 1							

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, 2025. The University's Compliance Examination and Single Audit will be issued in separate reports at a later date.

SYNOPSIS

- (25-1) The University did not ensure adequate controls for system access reviews and terminations over their Electronic Health Record System and Enterprise Resource Planning System.
- (25-2) The University did not properly transfer construction in progress into depreciable assets when projects were substantially complete.

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, 2025

FINANCIAL OPERATIONS (In Thousands)	2025	2024
Operating Revenues		
Tuition and fees, net.....	\$ 1,455,984	\$ 1,391,247
Federal grants, contracts and appropriations.....	1,044,885	934,211
State, private and other government agency grants and contracts.....	367,222	314,596
Hospital medical service plans, and other medical activities, net.....	1,732,273	1,599,113
Auxiliary enterprises, net.....	455,179	423,094
Educational and other activities.....	574,471	507,158
Other.....	13,949	12,665
Total Operating Revenues.....	<u>5,643,963</u>	<u>5,182,084</u>
Operating Expenses		
Instruction.....	1,822,958	1,626,972
Research.....	1,128,864	1,071,030
Public service.....	717,178	560,959
Academic support.....	777,274	662,883
Student services.....	333,587	282,930
Hospital and medical activities.....	1,500,037	1,286,689
Auxiliary enterprises.....	523,016	438,725
Operation and maintenance of plant.....	406,273	385,556
Institutional support.....	295,065	302,397
Depreciation and amortization.....	377,334	353,202
Scholarships and fellowships.....	76,121	64,775
Other.....	10,795	11,292
Total Operating Expenses.....	<u>7,968,502</u>	<u>7,047,410</u>
Operating Loss.....	<u>(2,324,539)</u>	<u>(1,865,326)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations.....	683,980	668,179
Capital appropriations, gifts and grants.....	62,224	59,339
Private gifts and endowments.....	298,225	259,361
On behalf/Special funding for fringe benefits.....	1,016,864	748,004
Other, net.....	654,883	574,683
INCREASE IN NET POSITION	<u>391,637</u>	<u>444,240</u>
Net Position, beginning of year.....	<u>6,347,229</u>	<u>5,902,989</u>
Net Position, end of year.....	<u>\$ 6,738,866</u>	<u>\$ 6,347,229</u>
SUMMARY - STATEMENT OF NET POSITION (In Thousands)	2025	2024
Current Assets.....	\$ 2,514,914	\$ 2,398,216
Noncurrent Assets and Deferred outflows.....	8,592,087	8,354,115
Total Assets and Deferred outflows.....	<u>11,107,001</u>	<u>10,752,331</u>
Current Liabilities.....	1,338,136	1,203,253
Noncurrent Liabilities and Deferred inflows.....	3,029,999	3,201,849
Total Liabilities and Deferred Inflows.....	<u>4,368,135</u>	<u>4,405,102</u>
Total Net Position.....	<u>\$ 6,738,866</u>	<u>\$ 6,347,229</u>
PRESIDENT		
During Audit Period and Current: Timothy L. Killeen		

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

WEAKNESSES IN CONTROLS OVER ACCESS TERMINATION AND REVIEWS

Adequate system access controls need to be implemented

The University of Illinois (University) did not ensure adequate controls for system access reviews and terminations over their Electronic Health Record System (EHR) and Enterprise Resource Planning System (ERP).

The University maintains an EHR that contains patient medical records and data. The EHR supports billing and transaction workflows which feed into the financial statements. Additionally, the University maintains an ERP that contains student, faculty, financial, and personal data. The University relies on the ERP for financial reporting.

During our testing of separated users' access to the ERP and EHR, we noted the University's departments were not timely notifying Human Resources (HR), which in turn did not timely notify the Information Technology security team (IT) in order to remove access. Specifically, we noted:

- For the ERP system, HR did not notify IT timely for 1 of 60 terminations (2%), and this user's access was removed 28 days late.
- For the EHR system, HR did not notify IT timely for 12 of 60 terminations (20%), and for 8 of those terminations (13%) access was removed between 2 and 106 days late.

Notifications for removal of system access were not performed timely

In addition, for the EHR system, we noted the user access review was not performed at an appropriate level of precision. The review only validated whether employees who did not access the system within the past year were still employed by the university. The review did not include a review of all users with access to determine if their access was needed for their assigned job role. (Finding 1, Pages 5-6)

Reviews did not include a determination if access was needed for the users' assigned job role

We recommended the University implement additional controls to ensure HR is notifying IT timely for all terminations. We also recommended that the EHR user access review includes a comprehensive review of all users with access.

University agreed

University officials accepted the recommendation.

INADEQUATE CONTROLS OVER CONSTRUCTION IN PROGRESS

Need to improve controls over construction in progress

The University of Illinois (University) did not properly transfer construction in progress to depreciable assets when projects were substantially complete.

The University improperly classified fixed assets totaling \$23,606,000

During our audit, we identified two projects classified as construction in progress that were substantially completed prior to the University's fiscal year-end. The University identified an additional fourteen construction in progress projects that were also substantially complete prior to the University's fiscal year-end. As a result, the University improperly classified fixed assets of \$23,606,000 as non-depreciable capital assets that should have been classified as depreciable capital assets. The University recorded an adjustment to correct this error, which was properly reflected in the financial statements.

The capital assets footnote was also misstated

In addition, certain amounts disclosed in the capital assets footnote were misstated as these projects were substantially completed in prior fiscal years. For the fiscal year ending June 30, 2025, the beginning balances for construction in progress and buildings were overstated and understated by \$18,186,000, respectively, and transfers between construction in progress and buildings were overstated by \$18,186,000. Lastly, the accumulated depreciation for buildings was understated by \$1,305,000, and depreciation expense for fiscal year 2025 was understated by \$826,000. The University elected to pass on these adjustments. (Finding 2, Pages 7-8)

We recommended the University implement controls to ensure that project managers communicate status updates of projects timely so that assets can be classified and depreciated appropriately.

University agreed

University officials accepted the recommendation.

AUDITOR'S OPINIONS

Our auditors stated the financial statements of the University, the Auxiliary Facilities System and the Health Services Facilities System as of June 30, 2025, 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

COURTNEY DZIERWA
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