



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

UNIVERSITY OF ILLINOIS

State Compliance Examination
 For the Year Ended June 30, 2021

Release Date: June 29, 2022

FINDINGS THIS AUDIT: 23	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	3	1	4	2020	21-1	21-8, 21-10, 21-17, 21-21, 21-22	
Category 2:	9	10	19	2017		21-14, 21-16	
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>	2009		21-05	
TOTAL	12	11	23	2008		21-07	
FINDINGS LAST AUDIT: 19				2005		21-15	

INTRODUCTION

This digest covers our State Compliance Examination of the University of Illinois for the year ended June 30, 2021. A separate Financial Audit as of and for the year ended June 30, 2021 was previously released on May 18, 2022. A separate Single Audit for the year ended June 30, 2021 was previously released on June 8, 2022. In total, this report contains 23 findings, 13 of which were reported in the Financial Audit and Single Audit.

SYNOPSIS

- (21-14) The University of Illinois Hospital was unable to provide adequate records substantiating written notices were provided to patients within 24 hours after their admittance into the University Hospital indicating the patients were under observation status in accordance with the University of Illinois Hospital Act and University policies and procedures.
- (21-16) The University did not comply with the requirements of the Illinois Health Policy Center Act.
- (21-20) The University did not ensure employees completed their initial ethics and sexual harassment training in accordance with the requirements of the State Officials and Employees Ethics Act.

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
COMPLIANCE EXAMINATION
For the Year Ended June 30, 2021**

University Income Fund (Unaudited)	2021	2020
Revenues:		
Net student tuition and other charges	\$ 1,324,167,556	\$ 1,309,504,665
Other sources	71,970,284	39,868,617
Total Revenues	1,396,137,840	1,349,373,282
Provision for bad debts	(5,070,232)	(5,489,925)
A/R collections administrative allowance	(244,728)	
Processing fees	(183,430)	
Net Revenues	1,390,639,450	1,343,883,357
Add (deduct) net change in:		
Cash	(204,372)	(1,028,227)
Accounts Receivable	(9,544,962)	(3,846,919)
Prepaid charges	1,074,938	(3,914,376)
Accrued investment income	(15,858,788)	4,256,139
Unearned revenue	(706,170)	16,493,971
Accounts Payable	56,045	3,104
Net Change in Assets & Liabilities	(25,183,309)	11,963,692
Fiscal Year Receipts	1,365,456,141	1,355,847,049
Expenditures:		
Unemployment compensation	169	461,778
Permanent improvements	699,066	176,258
Personal services	795,225,811	758,963,161
Awards and grants	197,439,921	195,928,036
Travel	127,062	3,720,818
Commodities	9,922,349	11,248,130
Contractual services	150,118,789	123,373,497
Equipment	37,186,086	45,560,084
Telecommunications	10,500,723	27,209,136
Operation of automotive equipment	683,511	469,676
Workers' compensation	6,670,183	5,016,431
Health insurance	812,559	786,031
Medicare	13,349,892	12,614,755
Other fringe benefits	2,648,697	166,522
Transfers for capital projects	78,250,006	31,471,120
Transfer for debt payments	8,792	575,547
Total Expenditures	1,303,643,616	1,217,740,980
Increase in Fund Balance	\$ 61,812,525	\$ 138,106,069
SUPPLEMENTAL INFORMATION (Unaudited)		
Employment Statistics - Full Time Equivalent		
Chicago.....	15,622	14,843
Springfield.....	913	931
Urbana-Champaign.....	15,322	15,248
Total.....	31,857	31,022
Enrollment Statistics - Full Time Equivalent		
Undergraduate -		
Chicago.....	21,117	21,203
Springfield.....	2,095	2,225
Urbana-Champaign.....	36,573	35,615
Subtotal.....	59,785	59,043
Graduate -		
Chicago.....	9,138	8,775
Springfield.....	1,048	1,084
Urbana-Champaign.....	22,505	19,683
Subtotal.....	32,691	29,542
Total	92,476	88,585
PRESIDENT		
During Audit Period and Current: Timothy L. Killeen		

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**FAILURE TO MAINTAIN ADEQUATE RECORDS
SUBSTANTIATING WRITTEN NOTICES**

Notification forms could not be provided by the University of Illinois Hospital

The University of Illinois Hospital (University) was unable to provide adequate records substantiating written notices were provided to patients within 24 hours after their admittance into the University Hospital indicating the patients were under observation status in accordance with the University of Illinois Hospital Act (Act) and University policies and procedures.

The University's Patient Admissions Policy and Procedure (Policy) requires the University to issue Notice of Observation Status (Form UI-5010) to patients after their admittance into the University Hospital notifying them they have been placed under outpatient observation status and have not been admitted as an inpatient. In addition, the University requires patients or their legal representative to sign the Form UI-5010 to acknowledge the receipt and understanding of their outpatient observation status.

In lieu of samples being selected to test compliance with this mandate, the University stipulated it was not in compliance. (Finding 14, Pages 40-41) **This finding has been reported since 2017.**

We recommended the University strengthen its controls to ensure Notice of Observation Status forms are retained for all patients not admitted into the University Hospital, but who are under observation status and seek legislative relief for instances where the status of a patient is changed after a patient has been discharged.

University agreed with the auditors

University officials accepted the recommendation.

**NONCOMPLIANCE WITH THE ILLINOIS HEALTH
POLICY CENTER ACT**

The University of Illinois (University) did not comply with the requirements of the Illinois Health Policy Center Act (Act).

The University has not created the Illinois Health Policy Center

As of June 30, 2021, the University had not created the Illinois Health Policy Center (Center) as required by the Act. The purpose of the Center is to develop and implement policies to improve the health and healthcare of the people of Illinois.

The Illinois Health Policy Center Act (110 ILCS 430/10) requires the Illinois Health Policy Center to be created within the University of Illinois, to be sponsored by the University of Illinois at Chicago College of Medicine and the University of

Illinois Institute of Government and Public Affairs. (Finding 16, Page 44) **This finding has been reported since 2017.**

We recommended the University comply with the requirements of the Illinois Health Policy Center Act or seek legislative remedy.

University agreed with the auditors

University officials accepted the recommendation.

INADEQUATE CONTROLS OVER COMPLIANCE WITH THE STATE OFFICIALS AND EMPLOYEES ETHICS ACT

The University of Illinois did not ensure employees completed their initial ethics and sexual harassment training in accordance with the requirements of the State Officials and Employees Ethics Act.

New employee ethics and sexual harassment trainings were completed late

During our review of 60 employees, including eight newly hired employees, required to complete ethics and sexual harassment training for the fiscal year ended June 30, 2021, we noted the following:

- Three of the eight (38%) new employees did not timely complete the initial ethics training as required. Ethics trainings were completed 45-90 days late.
- Three of the eight (38%) new employees did not timely complete the initial sexual harassment training as required. Sexual harassment trainings were completed 27-56 days late.
- One of the eight (13%) new employees did not complete the initial sexual harassment training. (Finding 20, Page 49)

We recommended 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 agreed with the auditors

University officials accepted the recommendation.

OTHER FINDINGS

The remaining findings are reportedly being given attention by the University. We will review the University's progress towards the implementation of our recommendations in the next engagement.

AUDITOR'S OPINIONS

The financial audit was previously released. Our auditors stated the financial statements of the University of Illinois as of and for the year ended June 30, 2021 are fairly stated in all material respects.

The single audit was previously released. Our auditors also conducted a Single Audit of the University as required by the Uniform Guidance and stated the University complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on the University's major federal programs for the year ended June 30, 2021.

ACCOUNTANT'S OPINION

The accountants conducted a State compliance examination of the University for the year ended June 30, 2021, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Findings 2021-001 through 2021-004. Except for the noncompliance described in these findings, the accountants stated the University complied, in all material respects, with the requirements described in the report.

The State Compliance Examination 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

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