

**UNIVERSITY OF ILLINOIS**

A Component Unit of the State of Illinois

**State Compliance Examination**

**Year Ended June 30, 2024**

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, 2024**

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

**Year Ended June 30, 2024**

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Office of the Vice President, Chief Financial Officer and Comptroller

April 3, 2025

RSM US LLP
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, 2024. Based on this evaluation, we assert that during the year ended June 30, 2024, 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, 2024**

**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 a material weakness over internal control over compliance.

**Summary of Findings**

<u>Number of</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	10	22
Repeated Findings	9	14
Prior Recommendations Implemented or Not Repeated	13	5

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
<b>Current Findings</b>				
2024-001	9	2023/2022	Weaknesses in Controls over Access Termination	Material Weakness and Material Noncompliance
2024-002	11	2023/2022	Cash Management – Timeliness of Subrecipient Payments	Significant Deficiency and Noncompliance
2024-003	13	2023/2020	Errors in Reporting for NSLDS	Significant Deficiency and Noncompliance

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

**Year Ended June 30, 2024**

**State Compliance Report**

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
2024-004	15	New	Internal Controls over Procurement	Significant Deficiency and Noncompliance
2024-005	17	2023/2023	Inadequate Controls over Property and Equipment	Significant Deficiency and Noncompliance
2024-006	19	2023/2008	Inadequate Controls over University Procurement Card Transactions	Significant Deficiency and Noncompliance
2024-007	21	2023/2005	Failure to Follow Time Reporting Requirements	Significant Deficiency and Noncompliance
2024-008	23	2023/2021	Untimely Vehicle Accident Reporting	Significant Deficiency and Noncompliance
2024-009	25	2023/2023	Noncompliance with University Faculty Research and Consulting Act	Significant Deficiency and Noncompliance
2024-010	27	2023/2022	Inadequate Controls over Remote Access	Significant Deficiency and Noncompliance

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

**Year Ended June 30, 2024**

**State Compliance Report**

**Prior Findings Not Repeated**

A	28	2023/2009	Inadequate Internal Controls over Revenue and Expense Accruals for Grant Subawards
B	28	2023/2023	Inadequate Controls over Classification of Restricted Assets
C	28	2023/2022	Reporting
D	28	2023/2022	Federal Funding Accountability and Transparency Act Reporting
E	28	2023/2023	Errors in Return of Title IV Funds Calculation
F	29	2023/2023	Lack of Subrecipient Monitoring
G	29	2023/2020	Inadequate Internal Controls over Census Data
H	29	2023/2020	Noncompliance with Illinois Articulation Initiative
I	29	2023/2021	Inadequate Controls over Compliance with State Officials and Employee Ethics Act
J	30	2023/2023	Noncompliance with Public University Admission Pilot Program
K	30	2023/2023	Untimely Veterans Services Reporting
L	30	2023/2023	Noncompliance with University of Illinois Act
M	30	2023/2020	Weaknesses in Cybersecurity Program and Practices

**EXIT CONFERENCE**

The University waived an exit conference in correspondence from Jennifer Erickson, Senior Associate Director for Business and Finance, on March 28, 2025. The responses to the recommendations were provided by Jennifer Erickson, Senior Associate Director for Business and Finance, in correspondence dated March 31, 2025.

## 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, 2024. 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, 2024. As described in the Schedule of Findings as item 2024-001, the University had 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, 2024. 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 2024-002 through 2024-010.

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 a material weakness 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 material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings as item 2024-001 to be a material weakness.

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 2024-002 through 2024-010 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 3, 2025

**State Compliance Examination  
Schedule of Findings  
For the Year Ended June 30, 2024**

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**Finding 2024-001 Weaknesses in Controls over Access Termination**

The University of Illinois (University) had not implemented adequate access termination controls 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, which in turn did not timely notify the Information Technology security team. As a result, users' access to the ERP and EHR was not timely disabled. Specifically, our testing noted 2 of 40 (5%) ERP users' and 25 of 60 (42%) EHR users' access had not been timely removed after separation. Access was disabled 24 to 73 days for ERP and 9 to 191 days for EHR after the user had separated from the University.

This finding was first reported in fiscal year 2022. In subsequent years, the University has been unsuccessful in implementing procedures to fully remediate the issues identified.

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 Section, promotes controls for ensuring access to system resources are appropriate.

Also, 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.

Further the University Medical Center Department's Administrative Directive requires the Department's Security Coordinators to revoke a separated employee's EHR access within 7 business days after termination. Additionally, the University of Illinois Enterprise System Access Removal Policy requires ERP access removal within 20 business days from the employee's termination.

University management indicated the complexity and decentralized nature of EHR and ERP access delayed the notifications of employee separation.

Failure to terminate separated employees' access could result in unauthorized access to the EHR, ERP, and data. (Finding Code No. 2024-001, 2023-002, 2022-004)

**Recommendation:**

We recommend the University terminate separated users' access within 7 business days and 20 business days of the last day of employment for EHR and ERP, respectively.

**University of Illinois**  
A Component Unit of the State of Illinois

**State Compliance Examination  
Schedule of Findings (Continued)  
For the Year Ended June 30, 2024**

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**Finding 2024-001 Weaknesses in Controls over Access Termination (Continued)**

**University Response:**

Accepted. Hospital Information Services and Administration Information Technology Services have implemented automated processes using data within enterprise systems to proactively monitor and remove access to the ERP and EHR systems. Even with these automated processes, the access removal process still relies on timely unit and human resources processes. The University does a quarterly review of ERP system logins for users who have separated from the University and the two noted exceptions for the ERP system had no logins after their separation date. Additionally, to reflect the reliance on these unit and human resources processes, Hospital Information Services has adjusted their access removal policy to remove access after notification within 48 hours. The University will continue to work towards improving notification processes for timelier removal of access to systems for employees who have separated from the University.

**University of Illinois**

A Component Unit of the State of Illinois

**State Compliance Examination  
Schedule of Findings (Continued)  
For the Year Ended June 30, 2024**

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

**Program Names:** Research & Development Cluster: Basic, Applied and Advanced Research in Science and Engineering; Fossil Energy Research and Development; COVID19 – Discovery and Applied Research for Technological Innovations to Improve Human Health; Research and Technology Development; Office of Science and Financial Assistance Program; Air Force Defense Research Sciences Program; Cardiovascular Diseases Research; Health Center Program Cluster: Community Health Centers; and AIDS Education and Training Centers

**ALN #s:** 12.630; 81.089; 93.286; 12.910; 81.049; 12.800; 93.837; 93.224; and 93.145

**Award Numbers:** ARMY W911NF-17-2-0196; DOE DE-FE0031581; DOE DE-FE0032049; NIH 1 R21 EB031310A; DARPA HR011-23-2-0004; DOE DE-SC0018420; AF FA9550-23-1-0609; SNAP 5R01HL152692-04; HRSA 5 U1OHA29293-09-03; and HRSA 5 U1OHA32109-07  
Federal Award Year 2023 – 2024

**Questioned Costs:** None

**2024-002 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 the controls in place did not identify the late payments.

**Condition:**

Out of thirty-two subrecipient payments tested which were made by the University of Illinois at Urbana-Champaign under the Research & Development Cluster, twelve payments (38%) were not submitted within 30 days after receipt of the billing from the subrecipient. The payments ranged from 35-201 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 eight subrecipient payments tested which were made by the University of Illinois Chicago under the Research & Development Cluster, one payment (13%) was not submitted within 30 days after receipt of the billing from the subrecipient. The payment was 32 days after the receipt of billing from the subrecipient. The sample was not intended to be, and was not, a statistically valid sample.

Out of eighteen subrecipient payments tested which were made by the University of Illinois Chicago under the Health Center Program Cluster: Community Health Centers and AIDS Education and Training Centers, five payments (28%) were not submitted within 30 days after receipt of the billing from the subrecipient.

The payments ranged from 42-120 days after the receipt of billing from the subrecipients. The sample was not intended to be, and was not, a statistically valid sample.

**State Compliance Examination  
Schedule of Findings (Continued)  
For the Year Ended June 30, 2024**

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**2024-002 Finding: Cash Management – Timeliness of Subrecipient Payments (Continued)**

**Criteria:**

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.

**Cause:**

University of Illinois Urbana-Champaign officials stated the multi-layered review and approval process along with staffing deficiencies and workload challenges caused the situations for the exceptions noted.

University of Illinois Chicago officials stated the one payment was paid 32 days from receipt of the invoice due to high volumes of invoice processing at fiscal year end and the payment due date coinciding with a holiday. The five other subrecipient payments were due to high staff workloads and occurred prior to the fiscal year 2023 corrective action implementation.

**Effect:**

Without proper program cash management processes and procedures, late subrecipient payments could result in the loss of future funding. (Finding Code No. 2024-002; 2023-006; 2022-008)

**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, 2024**

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**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 2023 - 2024

**Questioned Costs:** None

**2024-003 Finding: Errors in Reporting for NSLDS**

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

**Condition:**

Out of the twenty-five students tested at the University of Illinois Chicago, we noted one (4%) student 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.

**Criteria:**

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.

**Cause:**

University officials stated despite a defect resolution implemented in June 2023, an issue remains unresolved with the NSLDS reporting process. Further targeted investigation into the NSLDS reporting process is ongoing.

**University of Illinois**  
A Component Unit of the State of Illinois

**State Compliance Examination  
Schedule of Findings (Continued)  
For the Year Ended June 30, 2024**

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**2024-003      Finding: Errors in Reporting for NSLDS (Continued)**

**Effect:**

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. 2024-003; 2023-007; 2022-006; 2021-010; 2020-006)

**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 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, 2024**

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**Federal Agencies:** US Department of Agriculture (USDA), US Department of Energy (DOE), US Health & Human Services (HHS)

**Program Names:** Research & Development Cluster: Agriculture and Food Research Initiative (AFRI); Office of Science Financial Assistance Program; Fossil Energy Research and Development; Alcohol Research Programs; Cardiovascular Diseases Research; Arthritis, Musculoskeletal and Skin Diseases Research; Vision Research

**ALN #s:** 10.310; 81.049; 81.089; 93.273; 93.837; 93.846; and 93.867

**Award Numbers:** AG NIFA 2021-68012-35898; DOE DE-SC0018420; DOE DE-FE0032049; SNAP 5P50AA022538 10; SNAP 5R01HL152692-04; Snp 5R01AR081448-02; and NEI 5 P30 EY001792-45

**Questioned Costs:** None

**2024-004 Finding: Internal Controls over Procurement**

The University of Illinois Urbana-Champaign and the University of Illinois Chicago did not have sufficient rationale documented for the noncompetitive procurement method selected within their iBuy system at the time of approval of the purchase to allow a reviewer to determine the appropriateness of the procurement method in the Research and Development Cluster.

**Condition:**

The University of Illinois Urbana-Champaign and the University of Illinois Chicago's internal controls over small purchases include review and approval of a purchase requisition form that documents the procurement method selected. Within the iBuy system, when a noncompetitive procurement method is selected, a radio button allows for selection of one of several circumstances where noncompetitive procurement is permitted by 2 CFR 200.320, including that the procurement can only be fulfilled by a single source. When this selection is made, additional information supporting this rationale should be available to the reviewer to determine that this noncompetitive procurement method is appropriate. We noted instances where there was not evidence that this information was available to the reviewer at the time of the approval.

Out of twenty-nine small purchase procurement transactions tested at the University of Illinois Urbana-Champaign, for five transactions (17%), there was not sufficient evidence to support that documentation of the noncompetitive procurement method selected was provided at the time of review and approval.

Out of eleven small purchase procurement transactions tested at the University of Illinois Chicago, for six transactions (55%), there was not sufficient evidence to support that documentation of the noncompetitive procurement method selected was provided at the time of review and approval.

Based on additional information provided to us during our testing, there were no indications that the noncompetitive procurement methods selected were inappropriate.

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

**University of Illinois**  
A Component Unit of the State of Illinois

**State Compliance Examination  
Schedule of Findings (Continued)  
For the Year Ended June 30, 2024**

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**2024-004      Finding: Internal Controls over Procurement (Continued)**

**Criteria:**

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 procurement procedures are properly followed and support is properly maintained as required by 2 CFR 200.318.

**Cause:**

University officials stated a single e-procurement system is used to collect and capture procurement-related information. The electronic system required selection of the relevant procurement method in the form of a radio button, but did not require additional information in the central procurement file. Rather, this information was maintained by the requesting unit.

**Effect:**

If the procurement purchase requisition forms do not include sufficient supporting documentation of the rationale for the noncompetitive method of procurement selected, the University could approve payments of federal funds to vendors that do not meet federal regulations. (Finding Code 2024-004)

**Recommendation:**

We recommend the University of Illinois Urbana-Champaign and the University of Illinois Chicago review current processes within the iBuy system for noncompetitive procurement transactions to ensure sufficient documentation is included to support the rationale for the noncompetitive method of procurement selected.

**University Response:**

Accepted. While the University agrees that the supporting documentation was not captured in the electronic payment system, the rationale was available in other University records. 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, 2024

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#### **Finding 2024-005      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 60 items included in the University's records to determine whether the equipment existed as of the University's fiscal year-end. As a result of our testing, we noted the following:

- Two pieces of non-data storing equipment (totaling \$1,084,288) had been provided to another University. The equipment was still included on the University's year-end equipment listing at the Urbana-Champaign campus.
- One piece of non-data storing equipment (totaling \$84,274) did not have proper documentation supporting the disposal. The equipment was still included on the University's year-end equipment listing at the Chicago campus.

Additionally, the University's certification of inventory as of June 30, 2024, which includes all equipment with an acquisition cost greater than \$2,500 and all high theft equipment, disclosed 7 other items totaling \$31,870 which could not be located out of the University's \$2,331,739,048 equipment inventory.

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.

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 and 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. (Finding Code No. 2024-005, 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 of Illinois**  
A Component Unit of the State of Illinois

**State Compliance Examination  
Schedule of Findings (Continued)  
For the Year Ended June 30, 2024**

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**Finding 2024-005      Inadequate Controls over Property and Equipment (Continued)**

**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, 2024

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#### **Finding 2024-006      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 \$7,500) 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 P-Card to be approved in the University's P-Card system by the individual cardholder and assigned reviewer, and if assigned, a charge coder reviewer.

During our test work over 60 P-Card transactions totaling \$240,727, we noted the following:

- One (2%) transaction (totaling \$97) was not reconciled within 28 days of appearance on the P-Card software, as required. The reconciliation was completed 1 day late.
- Five (8%) transaction charge codes (totaling \$24,632) were not approved within 3 business days after their associated reconciliations were completed, as required. The approvals were completed one to eight days late.

The University has approximately 3,400 P-Cards, with transactions totaling \$63,098,759 charged during the year ended June 30, 2024.

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 28 calendar days of its submission. 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. Effective 11/22/2023, the requirement for charge code reviews to approve the transaction within 3 business days was removed.

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.

**University of Illinois**  
A Component Unit of the State of Illinois

**State Compliance Examination  
Schedule of Findings (Continued)  
For the Year Ended June 30, 2024**

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**Finding 2024-006      Inadequate Controls over University Procurement Card Transactions  
(Continued)**

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. 2024-006, 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)

**Recommendation**

We recommend the University continue to review and improve its internal controls over University procurement card transactions to ensure compliance with University policies so that transactions are recorded properly in the general ledger and approvals are done timely 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 for those employees with procurement cards.

## University of Illinois

A Component Unit of the State of Illinois

### State Compliance Examination Schedule of Findings (Continued) For the Year Ended June 30, 2024

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#### **Finding 2024-007      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:

- Four (7%) employees (all from the Chicago 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.

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 their 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.

University officials stated that they have not incorporated policies regarding time reporting for all employees as they are having continued dialogue with 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.

The 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.

Failure to follow and ensure all employees comply with time reporting requirements of the Act results in noncompliance with the Act. (Finding Code No. 2024-007, 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)

**University of Illinois**  
A Component Unit of the State of Illinois

**State Compliance Examination  
Schedule of Findings (Continued)  
For the Year Ended June 30, 2024**

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**Finding 2024-007      Failure to Follow Time Reporting Requirements (Continued)**

**Recommendation**

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

**University Response**

Accepted. The University has proposed a bill that, if passed, 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. HB1870 was introduced on January 29, 2025.

## University of Illinois

A Component Unit of the State of Illinois

### State Compliance Examination Schedule of Findings (Continued) For the Year Ended June 30, 2024

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#### **Finding 2024-008      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 the testing of the operation of University vehicles, we noted the University reported 170 accidents involving University employees to the Department of Central Management Services (CMS) during fiscal year 2024. The Urbana-Champaign campus reported 131 accidents, the Chicago campus reported 37 accidents and the Springfield campus reported 2 accidents.

- Of the 131 accidents reported by the Urbana-Champaign campus, 32 (24%) were not reported timely and ranged from one to 51 days late.
- Of the 37 accidents reported by the Chicago campus, 7 (19%) were not reported timely and ranged from two to 12 days late.

In addition, we noted the following:

- Of the 131 accidents reported by the Urbana-Champaign campus, 5 (4%) were not reported timely to the Urbana-Champaign campus' motor pool and ranged from four to 21 days late.
- Of the 37 accidents reported by the Chicago campus, 3 (8%) were not reported timely to the Chicago campus' motor pool and ranged from four to 6 days late.
- Upon further review of the University's listing of accidents, we noted the Urbana-Champaign campus submitted 10 accident claims to CMS that were not included 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 drive 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. An employee must consult with the university motor pool office to complete an Illinois Motorist Report (SR-1), or out-of-state equivalent, within three calendar days of the incident.

This finding was first noted during the examination of the year ended June 30, 2021. In the subsequent years, the University has been unsuccessful in implementing a corrective action plan.

**State Compliance Examination  
Schedule of Findings (Continued)  
For the Year Ended June 30, 2024**

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**Finding 2024-008      Untimely Vehicle Accident Reporting (Continued)**

University officials stated exceptions were due to differing reasons, including failure of the employees to understand and/or follow policy or misunderstanding requirements, and multiple transition periods of claim handlers resulting in delay of some reports.

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 represents 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. 2024-008, 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 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 among departments and employees. Both universities are continuously looking to improve the accident reporting process and communication of the policies.

At UIC, education efforts continue for those units with delays in vehicle accident reporting.

UIUC continues to notify departments of late report submissions, and recently began using an accident online reporting tool to help expedite accident reporting. The University will also look at options to roll out this new reporting tool at the other campuses.

## University of Illinois

A Component Unit of the State of Illinois

### State Compliance Examination Schedule of Findings (Continued) For the Year Ended June 30, 2024

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#### **Finding 2024-009      Noncompliance with University Faculty Research and Consulting Act**

The University of Illinois (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 applications, we noted the following:

- 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 for twenty of 28 (71%) disclosures tested.
- For the disclosures where the begin date was disclosed by the employee, the approval was after the start date of the activity for seven of 28 (25%) disclosures tested.

Under the Act (110 ILSC 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.

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 that are used to comply with state regulations contain all the information needed to verify compliance.

University officials stated it considers the approval date as the start date, as outside activities may relate to faculty research projects that are ongoing and/or have a number of milestones that could be considered the start date. Additionally, University officials indicated 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.

Failure to properly document the start date and getting approval by the President, or his designee, prior to the start of outside research or consulting services results in noncompliance with the Act. (Finding Code No. 2024-009, 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 of Illinois**

A Component Unit of the State of Illinois

**State Compliance Examination  
Schedule of Findings (Continued)  
For the Year Ended June 30, 2024**

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**Finding 2024-009      Noncompliance with University Faculty Research and Consulting Act  
(Continued)**

**University Response**

Accepted. The University has good controls for ensuring compliance with the University Faculty and Research and Consulting Act. Additionally, the University's policy goes beyond what is required by the Act. For example, faculty with part-time appointments are also required to disclose these arrangements and receive approval. Faculty are also required to disclose financial relationships beyond consulting and research. However, even though the exceptions identified during the audit were approved, the Start myDisclosures application does not contain a field explicitly titled as "start date". The University will consider the recommendations made in this finding when planning for the next academic year.

**University of Illinois**

A Component Unit of the State of Illinois

**State Compliance Examination  
Schedule of Findings (Continued)  
For the Year Ended June 30, 2024**

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**Finding 2024-010      Inadequate Controls over Remote Access**

The University of Illinois (University) had not implemented adequate internal 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. During our review of the University's controls over remote access, we noted the University-University of Illinois Medical Center (UIMC) did not maintain documentation of remote users' authorization for remote access. Specifically, for 26 of 40 (65%) of users, evidence of the user's remote access request and authorization was not documented.

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 funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the University's resources.

University management stated the issue identified was due to not all departments following the process developed by the University.

Without adequate controls over remote access, unauthorized individuals may have access, resulting in potential malicious activity. (Finding Code No. 2024-010, 2023-022, 2022-018)

**Recommendation**

We recommend the University maintain documentation authorizing remote users' access.

**University Response**

Accepted. Remote access is not a special privilege at the UI Hospital nor the rest of the University but provisioned as part of their identity. Critical resources are protected with additional industry standard controls including multi-factor authentication. However, the UI Hospital has added a new field in their ticketing system to document explicit authorization for remote access when a managed laptop is being requested.

**State Compliance Examination  
Schedule of Findings (Continued)  
For the Year Ended June 30, 2024**

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**Prior Findings Not Repeated**

**A. Inadequate Internal Controls over Revenue and Expense Accruals for Grant Subawards**

During the prior audit, the University of Illinois did not maintain appropriate control over accounting for grant subawards.

During the current audit, our testing over accounting for grant subawards did not identify any errors. (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)

**B. Inadequate Controls over Classification of Restricted Assets**

During the prior audit, the University of Illinois did not maintain appropriate control over classifying assets as restricted.

During the current audit, we found no issues regarding the classification of restricted assets. (Finding Code No. 2023-003)

**C. Reporting**

During the prior audit, 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.

During the current audit, we found no issues regarding the timelines of report submissions or the accuracy of reviews. (Finding 2023-004; 2022-007)

**D. Federal Funding Accountability and Transparency Act Reporting**

During the prior audit, the 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.

During the current audit, we found no issues with FSRS reporting. (Finding 2023-005; 2022-009)

**E. Errors in Return of Title IV Funds Calculation**

During the prior audit, the University of Illinois Urbana-Champaign did not use the correct withdrawal date in the return of Title IV funds calculation for a student.

During the current audit, we found no issues with the return of Title IV funds calculations. (Finding 2023-008)

**State Compliance Examination  
Schedule of Findings (Continued)  
For the Year Ended June 30, 2024**

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**Prior Findings Not Repeated (Continued)**

**F. Lack of Subrecipient Monitoring**

During the prior audit, 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.

During the current audit, we found no issues with subrecipient monitoring. (Finding 2023-009)

**G. Inadequate Internal Controls over Census Data**

During the prior examination, 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 employment benefits (OPEB) plans was complete and accurate.

During the current examination, we noted the University made improvements in its controls over census data based on our sample testing performed. While there was improvement, we did note a continued instance of noncompliance further described in the University's Independent Accountant's Report of Immaterial Findings. (Finding Code No. 2023-010, 2022-001, 2021-001, 2020-001)

**H. Noncompliance with Illinois Articulation Initiative**

During the prior examination, 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 year.

During the current examination, we noted the University made improvements in submitting programs for the Initiative and the need to serve on the panel was no longer considered a requirement. While there was improvement, we did note a continued instance of noncompliance further described in the University's Independent Accountant's Report of Immaterial Findings. (Finding Code No. 2023-014, 2022-013, 2021-017, 2020-017)

**I. Inadequate Controls over Compliance with the State Officials and Employee Ethics Act**

During the prior examination, the University of Illinois (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 Employee Ethics Act (Act).

During the current examination, we did not identify any new employees that did not perform their initial ethics and sexual harassment trainings in the required time period based on our sample testing performed. (Finding Code No. 2023-017, 2022-016, 2021-020)

**State Compliance Examination  
Schedule of Findings (Continued)  
For the Year Ended June 30, 2024**

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**Prior Findings Not Repeated (Continued)**

**J. Noncompliance with Public University Admission Pilot Program**

During the prior examination, the University of Illinois (University) did not comply with the provisions of the Public University Uniform Admission Pilot Program Act (Act).

During the current examination, the University of Illinois Chicago (UIC) was able to implement the uniform admission pilot program plan and we did not identify any instances in which the University improperly determined eligibility for the program. (Finding Code No. 2023-018)

**K. Untimely Veterans Services Reporting**

During the prior examination, 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 Services Act to the Illinois Board of Higher Education timely.

During the current examination, we noted the University timely filed the Report for all locations. (Finding Code No. 2023-019)

**L. Noncompliance with University of Illinois Act**

During the prior examination, the University of Illinois (University) did not fully comply with the benefits navigator section of the University of Illinois Act (Act).

During the current examination, we noted the University properly documented its coordination efforts to provide culturally specific resources to support students at campus as well added processes to provide feedback and recommendations on how applying for benefits and determining eligibility for the benefits could be improved. (Finding Code No. 2023-020)

**M. Weaknesses in Cybersecurity Program and Practices**

During the prior examination, the University of Illinois (University) had weaknesses related to cybersecurity programs, practices, and control of confidential information.

During the current examination, we noted the University completed a comprehensive risk assessment and did not identify any issues regarding employees completing Information Security Training based on our sample testing performed. (Finding Code No. 2023-021, 2022-017, 2021-021, 2020-018)