

University of Illinois
Auxiliary Facilities System
(A Segment of the University of Illinois)

Report Required under *Government Auditing Standards*
For the Year Ended June 30, 2023
Performed as Special Assistant Auditors
for the Auditor General, State of Illinois

**University of Illinois
Auxiliary Facilities System
(A Segment of the University of Illinois)**

**Report Required under *Government Auditing Standards*
For the Year Ended June 30, 2023**

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Other Reports Issued Under a Separate Cover

The Auxiliary Facility System's financial statements as of and for the year ended June 30, 2023, have been issued under a separate cover.

**University of Illinois
Auxiliary Facilities System
(A Segment of the University of Illinois)**

**Report Required under Government Auditing Standards
For the Year Ended June 30, 2023**

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**University of Illinois
Auxiliary Facilities System
(A Segment of the University of Illinois)**

**Report Required under *Government Auditing Standards*
For the Year Ended June 30, 2023**

Summary

The audit of the financial statements of the University of Illinois Auxiliary Facilities System (System) was performed by RSM US LLP in accordance with *Government Auditing Standards*. This report is an integral part of that audit.

Based on their audit, the auditors expressed an unmodified opinion on the System's basic financial statements, issued under a separate cover.

Summary of Findings

The auditors identified one matter involving the System's internal control over financial reporting that they considered to be a significant deficiency.

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
AUX 2023-001	5	New	Inadequate Controls over Parking Revenue	Significant Deficiency
Prior Findings Not Repeated				
A	6		Inadequate Internal Controls over Census Data	

Exit Conference

The University waived an exit conference in a correspondence from Brent Rasmus, Controller and Assistant Vice President for Business and Finance, on December 21, 2023. The responses to the recommendations were provided by Jennifer Erickson, Senior Associate Director for Business and Finance, in a correspondence dated December 21, 2023.



RSM US LLP

**Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based
on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

Independent Auditor's Report

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Trustees
University of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities of the University of Illinois Auxiliary Facilities System (System), a segment of the University of Illinois, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and we have issued our report thereon dated January 19, 2024. That report includes an emphasis of matter relating to restatement of opening net position for the implementation of Governmental Accounting Standards Board's Statement No. 96, *Subscription-Based Information Technology Arrangements*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

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, misstatements 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 a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings as item AUX 2023-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

System's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the System's response to the finding identified in our audit and described in the accompanying Schedule of Findings. The System's response was not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Schaumburg, Illinois
January 19, 2024

**University of Illinois
Auxiliary Facilities System
(A Segment of the University of Illinois)**

**Schedule of Findings
For the Year Ended June 30, 2023**

Current Findings – Government Auditing Standards

Finding AUX 2023-001 Inadequate Controls over Parking Revenue

The University of Illinois Auxiliary Facilities System (the System) did not have appropriate controls in place to ensure that parking revenue transactions were recorded in the correct period.

During our test work over 21 auxiliary parking revenue transactions totaling \$2,592,979, we noted one transaction (5%), totaling \$140,146 was recorded in Fiscal Year 2023, but the entire amount should have been recorded in Fiscal Year 2022.

The estimated projected impact of this error is an understatement of opening net position and an overstatement of revenue of \$1.1 million. Management elected not to record the adjusting entry for this error.

Generally accepted accounting principles require transactions to be reported in the period they are incurred. Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) required the University to establish and maintain a system, or systems, of internal fiscal and administrative controls. Effective internal controls would ensure that amounts are recorded in the proper period.

University management indicated the unit associated with the exception did not adequately follow established procedures to record the transaction in the proper period.

Failure to accurately analyze and record revenue within the proper fiscal year may result in the material misstatement of the System's financial statements. (Finding Code No. AUX 2023-001)

Recommendation

We recommend the University continue to review its process and controls to ensure transactions are recorded in the appropriate period within the System's financial statements.

System Response

Accepted. Although the University enhanced its controls with the goal of ensuring revenue is recognized in the proper period, compliance in all transactions is challenging due to the decentralized nature of certain business processes. The necessary corrective action will be implemented to address the recommendation in this finding.

**University of Illinois
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**Schedule of Findings
For the Year Ended June 30, 2023**

Prior Findings Not Repeated

A. Inadequate Internal Controls over Census Data

The University of Illinois, which includes the University of Illinois Auxiliary Facilities System (the System), 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.

During the current audit, the System implemented controls over reporting of census data, including a reconciliation of data with the plans. Current year census data testing did not identify financially significant issues. The exceptions identified this year will be reported within the State Compliance Examination. (Finding Code No. AUX 2022-001, AUX 2021-001, AUX 2020-001)