

University of Illinois
(A Component Unit of the State of Illinois)

Report Required under *Government Auditing Standards*
For the Year Ended June 30, 2022
Performed as Special Assistant Auditors
for the Auditor General, State of Illinois

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

**Report Required Under *Government Auditing Standards*
For the Year Ended June 30, 2022**

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Other Reports Issued Under a Separate Cover

The University's *Federal Single Audit* and *State Compliance Examination* for the year ended June 30, 2022, have been issued under separate covers. Additionally, the University's financial statements as of and for the year ended June 30, 2022, have been issued under a separate cover.

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

**Report Required Under *Government Auditing Standards*
For the Year Ended June 30, 2022**

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

**Report Required Under *Government Auditing Standards*
For the Year Ended June 30, 2022**

Summary

The audit of the financial statements of the University of Illinois (University) 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 unmodified opinions on the University's basic financial statements, issued under a separate cover.

Summary of Findings

The auditors identified four matters involving the University's internal control over financial reporting that they considered to be material weaknesses. Further, the auditors identified one noncompliance matter.

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2022-001	5	2021/2020	Inadequate Internal Controls over Census Data	Material Weakness and Noncompliance
2022-002	9	2021/2021	Inadequate Controls over Fiduciary Fund Accruals	Material Weakness
2022-003	11	2021/2009	Inadequate Controls over Revenue and Expense Accruals	Material Weakness
2022-004	14	New	Weaknesses in Controls over Electronic Health Record System	Material Weakness
Prior Findings Not Repeated				
A	16		Blue Cross Managed Care Settlement Liability Reserves	
B	16		Patient Accounts Receivable Allowances	
C	16		Amortization of Premiums Related to Debt	
D	16		Inadequate Controls over University Procurement Card Transactions	

Exit Conference

The University waived an exit conference in a correspondence from Brent Rasmus, Controller and Assistant Vice President for Business and Finance, on January 20, 2023. The responses to the recommendations were provided by Ginger Velazquez, Executive Director in the Office of Business Services, in a correspondence dated January 26, 2023.



RSM US LLP

**Independent Auditor's 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***

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, fiduciary activities, and the aggregate discretely presented component units of the University of Illinois (University), collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and we have issued our report thereon dated February 3, 2023. That report includes emphasis of matters relating to restatements of opening net position for the implementation of Governmental Accounting Standards Board's Statement No. 87, *Leases*, as well as an error relating to fiduciary activities.

The financial statements of the University of Illinois Foundation; University of Illinois Alumni Association; Wolcott, Wood, and Taylor, Inc.; Prairieland Energy, Inc.; Illinois Ventures, LLC; the University Research Park, LLC; Illinois Global Gateway, LLC; and Shield T3, LLC, component units of the University, were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control or compliance and other matters associated with these component units.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University'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 University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University'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 have not been identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2022-001 through 2022-004 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University'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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings as item 2022-001.

University's Responses to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on the University's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. The University's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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
February 3, 2023

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

**Report Required Under Government Auditing Standards
Schedule of Findings
For the Year Ended June 30, 2022**

Current Findings – Government Auditing Standards

Finding 2022-001 Inadequate Internal Controls over Census Data

The University of Illinois (University) 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.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or OPEB plan. The accumulation of inactive or retired members' census data occurs before the current accumulation period of census data used in the plan's actuarial valuation (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting the data to the plan's actuary. In contrast, responsibility for active members' census data during the current accumulation period is split among the plan and each member's current employer(s). Initially, employers must accurately transmit census data elements of their employees to the plan. Then, the plan must record and retain these records for active employees and then transmit this census data to the plan's actuary.

We noted the University's employees are members of the State Universities Retirement System (SURS) for their pensions and the State Employees Group Insurance Program sponsored by the State of Illinois, Department of Central Management Services (CMS) for their OPEB. In addition, we noted these plans have characteristics of different types of pension and OPEB plans, including single employer plans and cost-sharing multiple-employer plans. Additionally, CMS' actuary uses census data for employees of the State's public universities provided by SURS, along with census data for the other participating members provided by the State's four other pensions plans, to prepare their projection of the liabilities of CMS' plan. Finally, SURS' actuary and CMS' actuary used census data transmitted by the University during Fiscal Year 2020 to project pension and OPEB-related balances and activity at the plans during Fiscal Year 2021, which is incorporated into the University's Fiscal Year 2022 financial statements.

During testing, we noted the following:

- The University had not performed an initial complete reconciliation of its census data recorded by SURS to its internal records to establish a base year of complete and accurate census data.
- After establishing a base year, the University had not developed a process to annually obtain from SURS the incremental changes recorded by SURS in their census data records and reconcile these changes back to the University's internal supporting records.
- During our cut-off testing of data transmitted by the University to SURS, we noted 126 instances of an active employee becoming inactive, 3 instances of an inactive employee becoming retired, 3 instances of an inactive employee becoming active, 2 instances of an active employee becoming retired, and 2 instances of a change in service credit were reported to SURS after the close of the fiscal year in which the event occurred. SURS determined the potential impact of each change in service credit was off between $\frac{1}{4}$ of a year to $2\frac{1}{4}$ year. There were also 10 instances previously reported that impacted the June 30, 2020 census data.
- We noted 5 employees were not reported as eligible to participate in SURS by the University until Fiscal Year 2021. SURS determined the total potential impact of this error was each employee's service credit was off between $\frac{3}{4}$ of a year to $1\frac{3}{4}$ year.

**University of Illinois
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**Report Required Under Government Auditing Standards
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Current Findings – Government Auditing Standards

Finding 2022-001 Inadequate Internal Controls over Census Data (continued)

We provided SURS' actuary and CMS' actuary with the exceptions we identified during our testing, along with the results of census data testing at the State Employees Retirement System of Illinois, and determined the net effect of these errors, along with the errors of other plan participants, was immaterial to SURS' and CMS' pension and OPEB-related balances and activity at the plans during Fiscal Year 2021.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial reports and to maintain accountability over the State's resources.

Additionally, eligibility criteria for participation in SURS under the Illinois Pension Code (Code) (40 ILCS 5/15-134(a)) states any person who is an employee of the University becomes a participant in SURS. Under the Code (40 ILCS 5/15-107), an employee is any member of the educational, administrative, secretarial, clerical, mechanical, labor, or other staff of an employer whose employment in a position in which services are expected to be rendered on a continuous basis for at least four months or an academic term, whichever is less:

- 1) not a student employed on a less than full-time temporary basis;
- 2) not receiving a retirement or disability annuity from SURS;
- 3) not on military leave;
- 4) not eligible to participate in the Federal Civil Service Retirement System,
- 5) not currently on a leave of absence without pay more than 60 days after the termination of SURS' disability benefits;
- 6) not paid from funds received under the Federal Comprehensive Employment and Training Act as a public service employment program participant hired on or after July 1, 1979;
- 7) not a patient in a hospital or home;
- 8) not an employee compensated solely on a fee basis where such income would net earnings from self-employment;
- 9) not providing military courses pursuant to a federally-funded contract where the University has filed a written notice with SURS electing to exclude these persons from the definition of an employee;
- 10) currently on lay-off status of not more than 120 days after the lay-off date;
- 11) not on an absence without pay of more than 30 days; and,
- 12) a nonresident alien on a visa defined under subparagraphs (F), (J), (M), or (Q) of Section 1101(a)(15) of Title 8 of the United States Code who (1) has met the Internal Revenue Service's substantial presence test and (2) became an employee on and after July 1, 1991.

In addition, the Code (40 ILCS 5/15-157) requires the University to, at a minimum, withhold contributions of each employee's total compensation of 8% (9.5% for firefighters or police officers) for their participation in SURS, unless further contributions by the employee would either exceed the maximum retirement annuity in the Code (40 ILCS 5/15-136(c)) or the Tier 2 earnings limitation within the Code (40 ILCS 5/15-111(b)), and remit these amounts to SURS. Further, the Code (40 ILCS 5/15-155(b)) requires the University remit employer contributions to SURS reflecting the accruing normal costs of an employee paid from federal or trust funds.

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Current Findings – Government Auditing Standards

Finding 2022-001 Inadequate Internal Controls over Census Data (continued)

Finally, for CMS' OPEB plan, we noted participation in OPEB is derivative of an employee's eligibility to participate in SURS, as members of SURS participate in OPEB as annuitants under the State Employees Group Insurance Act of 1971 (Act) (5 ILCS 375/3(b)).

University officials indicated the base year reconciliation process was not established by SURS until Fiscal Year 2021, which was completed by the University in July 2022. Transactions impacting this census data accumulation period were not reported in a timely manner because of coding issues used in certain automated processes, significant workload at the unit level, and the impact of processing leave associated with the COVID-19 pandemic.

Failure to ensure complete and accurate census data was reported to SURS reduces the overall reliability of pension and OPEB-related balances and activity reported in the University's financial statements, the financial statements of other employers within both plans, and the State of Illinois' Annual Comprehensive Financial Report. Further, failure to report all eligible employees to SURS may result in employees not receiving the pension and OPEB benefits they are entitled to receive under the Code and the Act. (Finding Code No. 2022-001, 2021-001, 2020-001)

Recommendation

We recommend the University continue to work with SURS to complete the base year reconciliation of Fiscal Year 2021 active members' census data from its underlying records to a report of census data submitted to SURS' actuary and CMS' actuary. After completing an initial full reconciliation, the University may limit the annual reconciliations to focus on the incremental changes to the census data file from the prior actuarial valuation, provided no risks are identified that incomplete or inaccurate reporting of census data may have occurred during prior periods. Any errors identified during this process should be promptly corrected by either the University or SURS, with the impact of these errors communicated to both SURS' actuary and CMS' actuary.

Further, we recommend the University ensure all events occurring within a census data accumulation year are timely reported to SURS so these events can be incorporated into the census data provided to SURS' actuary and CMS' actuary.

Finally, we recommend the University ensure all eligible employees are reported to SURS, along with any required employee and employer contributions.

University Response

Accepted. With 69,000 employees, the University has numerous electronic and manual controls in place to ensure that employees who are eligible for SURS and OPEB are identified correctly. The University also has numerous controls over census data for the University's 30,000 employees eligible for SURS and OPEB benefits.

However, the University acknowledges its controls over census data did not always ensure timely reporting of employee events to SURS. Controls for determining pension and OPEB eligibility did not always operate as intended. In addition, the unprecedented nature of the COVID-19 pandemic significantly impacted the timeliness and volume of leave processing.

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Current Findings – *Government Auditing Standards*

Finding 2022-001 *Inadequate Internal Controls over Census Data (continued)*

The University will continue to enhance controls to improve the timeliness of reporting certain employee events impacting pension and OPEB census data, and will strengthen processes for determining pension and OPEB eligibility. The University has worked with SURS to complete its initial 2021 census data reconciliation and is eager to work with SURS to develop the annual reconciliation process for incremental census data changes.

**University of Illinois
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**Report Required Under Government Auditing Standards
Schedule of Findings
For the Year Ended June 30, 2022**

Current Findings – Government Auditing Standards

Finding 2022-002 Inadequate Controls over Fiduciary Fund Accruals

The University of Illinois (the University) did not have controls in place to ensure that addition and deduction accruals were appropriately identified and recorded in the fiduciary fund statements.

The University implemented GASB Statement No. 84, *Fiduciary Activities* in Fiscal Year 2021. Implementing this statement required the University to analyze potential fiduciary activities and report full accrual financial statements for these activities. In Fiscal Year 2022, the University concluded that certain transactions relating to software licenses were not recorded properly in the prior year as amounts were being partially deferred when the entire transactions should be recorded when it occurs as the fiduciary fund does not own the license.

To correct this error, the University restated opening fiduciary net position for the software license additions and deductions that should be been recognized in the prior year. The restatement included reductions of \$12,115,000 of prepaid deductions and \$4,815,000 of unearned additions from the prior year, resulting in a reduction of opening net position of \$7,300,000.

In addition to the restatement noted above, during current year testing of 55 fiduciary deductions totaling \$38,192,194, we noted three transactions (5%), totaling \$800,471, were recorded as deductions in Fiscal Year 2022, but should have been partially recorded as deductions in Fiscal Year 2023 at an amount of \$752,082.

Upon discovery of these errors, the University re-analyzed the related fiduciary accruals and concluded that \$806,304 of expenses should have been recorded as prepaid expense in Fiscal Year 2023 and \$688,903 of additional expense should be accrued to Fiscal Year 2022. Management elected 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), requires the University to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources. The University's system of internal controls should include procedures to ensure expenses and revenues are recognized in the appropriate reporting period.

University officials indicated the processes to identify accrual transactions for fiduciary funds and prepare the fiduciary fund full accrual statements were not as robust as processes utilized for the University's financial statements during the first couple of years presenting fiduciary statements.

As a result of the lack of internal control in this area, the University's draft fiduciary fund financial statements were materially misstated. (Finding Code No. 2022-002, 2021-004)

Recommendation

We recommend the University review its process for fiduciary activity to assess the existence of current period accruals and consider changes necessary to ensure all accruals are accurately identified and recorded for presentation in the University's financial statements.

**University of Illinois
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**Report Required Under *Government Auditing Standards*
Schedule of Findings
For the Year Ended June 30, 2022**

Current Findings – *Government Auditing Standards*

Finding 2022-002 Inadequate Controls over Fiduciary Fund Accruals (continued)

University Response

Accepted. The University will further enhance controls related to accruals for its third-party fiduciary funds.

**University of Illinois
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**Report Required Under Government Auditing Standards
Schedule of Findings
For the Year Ended June 30, 2022**

Current Findings – Government Auditing Standards

Finding 2022-003 Inadequate Controls over Revenue and Expense Accruals

The University of Illinois (the University) has not established adequate controls over accurately identifying and recording revenue and expense accrual transactions for financial reporting purposes.

During our audit, we noted the University's procedures to identify and record both revenue and expense accruals includes a review of cash receipts and disbursements, both during the year and after year end through the issuance of the financial statements. This review includes coding transactions which pertain to multiple fiscal years within the general ledger system. University Accounting and Financial Reporting (UAFR) will then post year-end journal entries to appropriately defer the identified revenue and expense transactions. In addition to the review of receipts and disbursements, UAFR also requires individual units to identify and report known accrual and deferral transactions at fiscal year-end for certain fund types.

During our test work over 61 educational activity revenue transactions totaling \$156,880,550, we noted the following:

- Three transactions (5%), totaling \$7,502,740, that were recorded as revenues for Fiscal Year 2022, but should have been partially accrued as of Fiscal Year 2021 at an amount of \$3,205,340.

The estimated projected impact of these errors is an understatement of opening net position and an overstatement revenue of \$12.2 million. Management elected not to record the adjusting entry for these errors.

During our test work over 41 medical service plan revenue transactions totaling \$3,102,304, we noted the following:

- Six transactions (15%), totaling \$366,978, were recorded as revenues for Fiscal Year 2022, but should have been partially accrued as of Fiscal Year 2021 at an amount of \$230,907.

Upon discovery of these cutoff errors, the University re-analyzed the medical service plan accruals and concluded that \$2,011,034 of revenue recorded in Fiscal Year 2022 should have been recorded in Fiscal Year 2021. Also, \$2,807,017 of revenue recorded in Fiscal Year 2023 should have been recorded in Fiscal Year 2022. Management elected not to record the adjusting entry for these errors.

During our test work over 14 other nonoperating revenue transactions totaling \$43,391,523, we noted the following:

- One transaction (7%), totaling \$24,924,672, that was recorded as revenue for Fiscal Year 2022, should have been partially accrued as of Fiscal Year 2021 at an amount of \$9,446,451.

The amount noted above is the expected total error for this account. Management elected not to record the adjusting entry for this error.

**University of Illinois
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**Report Required Under Government Auditing Standards
Schedule of Findings
For the Year Ended June 30, 2022**

Current Findings – Government Auditing Standards

Finding 2022-003 Inadequate Controls over Revenue and Expense Accruals (continued)

During our test work over 13 auxiliary expense transactions (not under indenture) totaling \$33,896,880, we noted the following:

- One transaction (8%), totaling \$5,292,432, that was recorded as expense for Fiscal Year 2022, should have been partially accrued as of Fiscal Year 2021 at an amount of \$2,108,981.

The estimated projected impact of this error is an overstatement of opening net position and expense of \$5.7 million. Management elected not to record the adjusting entry for this error.

During our test work over 33 institutional support expense transactions totaling \$4,254,176, we noted the following:

- One transaction (3%), totaling \$50,000, that was recorded as expense for Fiscal Year 2022, should have been partially recorded as a prepaid expense at an amount of \$44,932.

The estimated projected impact of this error is an understatement of prepaid expenses and an overstatement of expense of \$2.8 million. Management elected not to record the adjusting entry for this error.

During our test work over 13 deferred grant accrual transactions totaling \$51,658,785, we noted the following:

- One transaction (8%), totaling \$1,829,840, that was recorded as unearned revenue for Fiscal Year 2022, should have been partially recognized as revenue as of Fiscal Year 2022 at an amount of \$1,438,520.

The estimated projected impact of this error is an overstatement of unearned revenue and an understatement of revenue of \$4.6 million. Management elected to record the adjusting entry for the estimated amount of the error.

During our test work over 24 grant receivable transactions totaling \$23,024,782, we noted the following:

- One transaction (4%), totaling \$1,250,000, that was recorded as a receivable and revenue for Fiscal Year 2022, should have been recorded as of Fiscal Year 2023 in its entirety.

The estimated projected impact of this error is an overstatement of grant revenue and receivables of \$10.2 million. Management elected to record the adjusting entry for the estimated amount of the 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), requires the University to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources. The University's system of internal controls should include procedures to ensure expenses and revenues are recognized in the appropriate reporting period.

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

**Report Required Under *Government Auditing Standards*
Schedule of Findings
For the Year Ended June 30, 2022**

Current Findings – *Government Auditing Standards*

Finding 2022-003 *Inadequate Controls over Revenue and Expense Accruals (continued)*

University officials indicated that in many of these instances, the units associated with the exceptions did not adequately follow established procedures to record the transactions in the proper period.

Failure to accurately analyze and record cash receipts and disbursements within the proper fiscal year may result in the misstatement of the University's financial statements. (Finding Code No. 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)

Recommendation

We recommend the University continue to review its process to assess the existence of current period revenues and expenses and consider changes necessary to ensure they are accurately identified and recorded for presentation in the University's financial statements.

University Response

Accepted. The University has processes in place to ensure revenues and expenses are recognized in the correct fiscal year. However, those processes didn't always ensure all transactions were recognized correctly. Additionally, the highly decentralized environment with hundreds of units and large volumes of transactions presents challenges in identifying all errors. The University will continue to improve controls related to year-end cutoff.

**University of Illinois
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**Report Required Under Government Auditing Standards
Schedule of Findings
For the Year Ended June 30, 2022**

Current Findings – Government Auditing Standards

Finding 2022-004 Weaknesses in controls over Electronic Health Record System

The University of Illinois (University) had not implemented adequate internal controls over their Electronic Health Record System (EHR).

The University maintains an EHR that contains patient medical records and data. Additionally, it supports billing and transaction workflows which feed into financial statements.

During our testing of the EHR, we noted:

- Systems Analysts were able to develop, test, and deploy changes to the production environment. Although a Change Advisory Board reviewed changes, there was not a reconciliation of the changes deployed into the production environment versus the approved changes.

Additionally, we noted one of seven (14%) emergency change requests was the result of a system analyst placing an unauthorized change into the production environment. The change did not result in any modification to the EHR data.

- Twenty-one of 25 (84%) EHR users' access were not timely terminated upon separation from the University. EHR user access were terminated three to 36 days after separation.
- A comprehensive review of EHR user access was not performed.

The Security and Privacy Controls for Information Systems and Organizations (Special Publication 800-53, Fifth Revision) published by National Institute of Standards and Technology (NIST), Configuration Change Control Section, promotes controls for ensuring mechanisms exist to prohibit unauthorized changes to systems within the organization. Additionally, the Access Control Section, promotes controls for ensuring access to system resources are appropriately authorized.

The University's Account Access Controls-Terminations and Disable Policy, Account Access Controls section, states separated employee's computer system access is to be revoked at the end of the employee's last day.

The University's Hospital Information Services management stated they felt their controls over EHR software changes were adequate, and that the one exception noted was an isolated incident

Failure to maintain adequate controls over changes to the EHR resulted in an unauthorized change. Further, failure to terminate separated employees' access could result in unauthorized access to the EHR and data. (Finding Code No. 2022-004)

Recommendation

We recommend the University implement controls to restrict systems analysts' access to the production environment. In addition, we recommend the University terminate separated users' access on the last day of employment and conduct annual reviews of users' access.

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**Report Required Under *Government Auditing Standards*
Schedule of Findings
For the Year Ended June 30, 2022**

Current Findings – *Government Auditing Standards*

Finding 2022-004 Weaknesses in controls over Electronic Health Record System (continued)

University Response

Accepted. It should be noted the system analyst that initiated the emergency change request obtained documentation of the needed approval after the change was implemented. Additionally, the University Hospital has already implemented a reconciliation procedure to ensure changes to the EHR production environment match changes approved through the established change management process.

The roles and responsibilities of EHR users rarely change, thus reducing the risk of access being misaligned with a user's access needs. However, the University will develop an annual access review process for EHR system users.

Regarding the timely termination of employee EHR system access upon separation from the University, the UI Hospital team removed system access within 24 hours after being informed by the University's notification processes. The University will review employee separation policies and processes to determine options for improvements in the timing of notifications to Hospital Information Services related to EHR users who no longer need access.

**University of Illinois
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**Report Required Under *Government Auditing Standards*
Schedule of Findings
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Prior Findings Not Repeated

A. Blue Cross Managed Care Settlement Liability Reserves

During the prior audit, the University of Illinois Health Services Facilities System's (the System) analysis of required June 30, 2021 Blue Cross managed care settlement liability reserves contained errors resulting in a material overstatement of estimated third party settlement reserves and a material understatement of unrestricted net position at both June 30, 2021 and 2020.

During the current audit, our testing over Blue Cross managed care settlement liability reserves did not identify errors relating to the System. (Finding Code No. 2021-002)

B. Patient Accounts Receivable Allowances

During the prior audit, the University of Illinois Health Services Facilities System's (the System) analysis of required June 30, 2021 patient accounts receivable allowances contained multiple misstatements.

During the current audit, our testing over patient accounts receivable allowances did not identify errors relating to the System. (Finding Code No. 2021-003)

C. Amortization of Premiums Related to Debt

During the prior audit, the University of Illinois (the University) amortized premiums on the straight-line basis as opposed to the effective interest basis resulting in a material overstatement of the premium balance as of June 30, 2021.

During the current audit, the University correctly amortized premiums using the effective interest method. (Finding Code No. 2021-006)

D. Inadequate Controls over University Procurement Card Transactions

During the prior audit, the University of Illinois (the University) did not comply with University policies and internal controls over procurement card transactions.

During the current audit, sample testing did not identify financially significant issues relating to procurement card transactions. The exceptions identified this year will be within the State Compliance Examination. (Finding Code No. 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)