

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

Report Required under *Government Auditing Standards*
For the 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)**

**Report Required Under *Government Auditing Standards*
For the Year Ended June 30, 2024**

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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, 2024 have been issued under separate covers. Additionally, the University's financial statements as of and for the year ended June 30, 2024 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, 2024**

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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, 2024**

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 one matter involving the University's internal control over financial reporting that they considered to be a material weakness.

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2024-001	5	2023/2022	Inadequate Controls over Access Termination	Material Weakness
Prior Findings Not Repeated				
A	7		Inadequate Controls over Revenue and Expense Accruals for Grant Subawards	
B	7		Inadequate Controls over Classification of Restricted Assets	

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 16, 2024. The response to the recommendation was provided by Jennifer Erickson, Senior Associate Director for Business and Finance, in a correspondence dated December 19, 2024.



**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***

RSM US LLP

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, fiduciary activities, and the aggregate discretely presented component units of the University of Illinois (University), a component unit of the State of Illinois, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated January 14, 2025. That report includes an emphasis of matter relating to the dissolution of Shield T3, LLC, a component unit of the University.

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 of Illinois 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 opinions 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 were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings as item 2024-001 that we consider to be a material weakness.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The University's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the finding identified in our audit and described in the accompanying Schedule of Findings. The University's response was not subjected 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 14, 2025

**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, 2024**

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.

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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.

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

Prior Findings Not Repeated

A. Inadequate 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)