

A Performance Audit of Utah State University's Governance, Leadership, and Culture

Office of the Legislative
Auditor General

Report to the UTAH LEGISLATURE





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January 31, 2026

TO: THE UTAH STATE LEGISLATURE

Transmitted herewith is our report:

“A Performance Audit of Utah State University’s Governance, Leadership, and Culture”
[Report #2026-02].

An audit summary is found at the front of the report. The scope and objectives of the audit are included in the audit summary. In addition, each chapter has a corresponding chapter summary found at its beginning.

[Utah Code 36-12-15.3\(2\)](#) requires the Office of the Legislative Auditor General to designate an audited entity’s chief officer. Therefore, the designated chief officer for Utah State University is President Brad Mortensen. President Mortensen has been notified that they must comply with the audit response and reporting requirements as outlined in this section of *Utah Code*.

We will be happy to meet with appropriate legislative committees, individual legislators, and other state officials to discuss any item contained in the report in order to facilitate the implementation of the recommendations.

Sincerely,

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Auditor General

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PERFORMANCE AUDIT

USU CAN IMPROVE ITS GOVERNANCE, OVERSIGHT, AND BUDGETING PROCESSES

AUDIT REQUEST

The Legislative Audit Subcommittee requested OLAG perform audit work to determine areas of risk within Utah State University's (USU) governance and procurement processes. The audit survey was presented in August 2025 (Report 2025-B). Following this presentation, the Legislative Audit Subcommittee requested a full audit of USU governance and procurement processes.

BACKGROUND

USU is a public research and land-grant university serving almost 29,000 students. The institution has a main campus in Logan, Utah, and eight additional campuses across the state. USU receives around \$1.2 billion in annual funding, which includes tuition, grants, fees, and state appropriations.

In 2025, reports emerged highlighting concerns with presidential spending and procurement noncompliance. This report identifies further concerns with USU's governance, leadership, accountability, and culture.



KEY FINDINGS

- ✓ Leadership and staff at Utah State University have demonstrated patterns of financial noncompliance by repeatedly bypassing requirements in *Utah Code* and university policy.
- ✓ Utah State University's current budget model disincentivizes effective teaching and program development.
- ✓ The Utah Board of Higher Education has not provided adequate supports and oversight for university presidents. The role of insitiutional trustees in presidential oversight is unclear.
- ✓ University leadership has not used and, at times, has actively weakened the position and authority of Internal Audit.
- ✓ Utah State University leadership has supported the chief legal counsel in playing an oversized role in the institution's governance.
- ✓ The Utah State Board of Trustees has not always acted on its authority and the board needs additional support.



RECOMMENDATIONS

- ✓ The Utah State University president, in collaboration with the board of trustees, should establish a formal accountability system for university purchases. These bodies should then require and review reports on violations of policy to strengthen oversight, accountability, and compliance with university financial policy.
- ✓ The university commit to a timeline for implementing an improved budget model that meaningfully ties resources to enrollments and teaching loads.
- ✓ The Utah Board of Higher Education, in collaboration with the Office of the Commissioner of Higher Education, should increase the frequency of comprehensive presidential evaluations to better align with average presidential tenure in Utah and best practices.

REPORT SUMMARY

USU Must Improve Its Accountability and Governance

Utah State University (USU) has a history of weak controls and oversight, a board that is not acting in its full authority, and imbalanced roles among legal and audit. Addressing these issues and adopting a stronger governance model will help USU to restore trust in leadership and create a stronger culture of compliance.

USU Should Review and Update Its Budgeting and Incentive Structure

USU's current budget model does not incentivize effective teaching or program development. The budget model needs to be updated. Leadership has discussed making changes for many years but has failed to act.

USHE Should Strengthen Presidential Oversight and Support

Inadequate oversight and hiring the wrong leader can cause incalculable damage to an institution. USHE and the institution board of trustees are tasked with providing oversight and support to university presidents. However, areas such as presidential evaluations, training, and succession planning need improvements.

USU's Governance Is Not Operating As Intended in Key Areas

Leadership has not used, and at times actively weakened, USU's internal audit function. USU leadership has also supported its legal counsel in playing an oversized role in institutional governance. Additionally, the board has not acted in its full authority and needs more support.

Senior Leadership is Perceived to Have Less Accountability for Inappropriate Behavior

A culture survey was conducted at USU during this audit. The survey found that individuals across the university feel that senior leadership are less likely to be held accountable for inappropriate behavior. This perception that leadership is held to a lower standard of accountability than faculty or staff is concerning and must be addressed.

Question: Rate the degree to which you agree that staff, faculty, and senior leadership are "held accountable for inappropriate behavior."

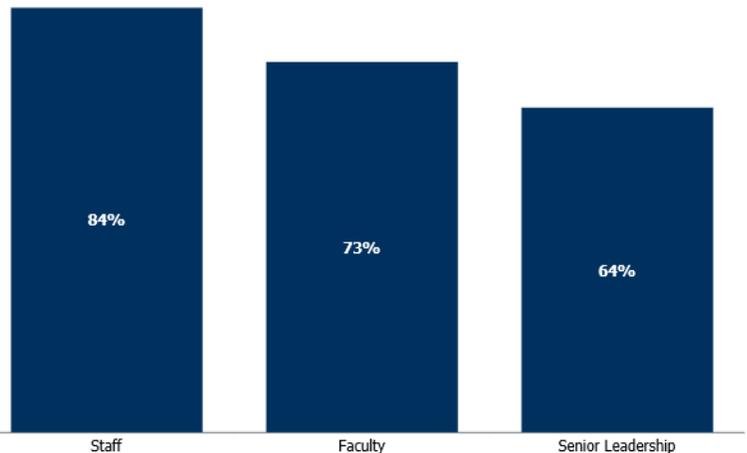


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BACKGROUND

Utah State University (USU) has a history of weak oversight and controls at the presidential and executive leadership level. This audit found several instances where leadership and staff bypassed requirements in *Utah Code* and university policy. Individuals throughout the institution demonstrated patterns of financial noncompliance and poor decision-making. Leadership has also provided inadequate oversight of USU's statewide operations, enabling instances of asset misappropriation, misconduct, and favoritism.

FINDING 1.1
USU Leadership Should Set a Tone of Accountability and Improve Its Oversight of Financial Resources

RECOMMENDATION 1.1

The USU president, in collaboration with the board of trustees, should establish a formal accountability system for university purchases. These bodies should then require and review reports on violations of policy to strengthen oversight, accountability, and compliance with university financial policy.

RECOMMENDATION 1.2

The USU Board of Trustees should periodically survey university financial officers to determine the president's and employees' compliance with university spending policy. The board should monitor these reports and include findings in the annual key performance indicator evaluation of the president.

RECOMMENDATION 1.3

The USU president, in collaboration with the board of trustees, should strengthen operational controls, systems, and tools to more proactively address institutional risks rather than merely responding to issues as they occur.

RECOMMENDATION 1.4

The USU board of trustees, in collaboration with the president, should review spending activities, policies, and controls. The boards should then formalize policy in areas where weaknesses exist and where more guidance is needed. This will ensure the university is responsive with policy and controls in areas where further improvements are needed.

RECOMMENDATION 1.5

The USU president should ensure employees receive financial trainings for all personnel with purchasing authority for the purpose of strengthening awareness of and compliance with university financial policy.

FINDING 1.2
USU Leadership Should Improve Oversight and Communication in Its Statewide Operations

RECOMMENDATION 1.6

The USU president should improve leadership involvement, oversight, and communication with Utah State University's statewide campuses. The president should regularly survey these campuses to determine where further improvements are needed.

RECOMMENDATION 1.7

The USU president should continue to create a more uniform human resources system by addressing inequitable work structures and pay scales.

FINDING 1.3
USU Fully Cooperated and Provided All Requested Information

NO RECOMMENDATION



CONCLUSION

USU has been in a period of insufficient governance which has created risks to accountability, compliance, and transparency. With stronger governance, USU can restore trust in leadership and more effectively fulfill its mission, support students, and act as a steward of public funds and student resources.





Chapter 1

Utah State University Must Improve Its Internal Accountability and Governance

Major concerns identified during this audit reflect an institution that has struggled with governance, leadership, and culture.¹ At first glance, Utah State University (USU) is structured for success. However, USU has a history where 1) the president has not provided strong oversight or controls, 2) the board of trustees has not fully acted upon or been supported in its authority, 3) USU leadership has minimized the impact of internal audit, and 4) legal counsel has played an oversized role in the institution's governance. These factors led to defective and insufficient governance, creating risks to accountability, compliance, and transparency.² With stronger governance, USU can restore trust in leadership, more effectively fulfill its mission as both a land-grant and Research 1 institution, better support students, and protect public funds and student resources. We recommend areas for improvement at the institutional and system levels to ensure governance at USU is addressed moving forward.



USU has struggled with governance, leadership, and culture. This report focuses on ways to improve governance to help the institution more effectively fulfill its mission.

1.1 USU Leadership Should Set a Tone of Accountability and Improve Its Oversight of Financial Resources

Moving forward, USU presidents and the board of trustees need to set a stronger tone of accountability for the university. *Utah Code* places management of an institution's finances with the president.³ In addition, the Utah Board of Higher Education (UBHE) delegates budget and policy oversight to the boards of

¹ The Institute of Internal Auditors defines governance as “the combination of processes and structures implemented by the board to inform, direct, manage, and monitor the activities of the organization toward the achievement of its objectives.” The Legislature has indicated that governance responsibilities are set by the Utah Board of Higher Education (UBHE), which delegates authority to institutional presidents and boards of trustees.

² Chapters 1 and 2 will discuss these defects in more detail.

³ *Utah Code* 53H-3-303 requires a president to control and manage the budget and finances of an institution. Utah System of Higher Education (USHE) guidance authorizes presidents to establish priorities for fiscal resources and requires efficient and effective use of resources. The board of trustees is authorized to establish and oversee internal accounting and operating controls, monitor use of discretionary funds, establish institutional debt policy, and oversee all auxiliary enterprises. The trustees also set “system parameters” in policy and require necessary reporting on budget and finance. The board can intervene if an institution exceeds parameters or policy.



trustees. In many instances without proper oversight, those charged with management and decision-making within USU did not follow university financial policies. The best mechanism to establish a culture of accountability is a leader who models and supports accountability with clear expectations. As will be discussed in this chapter, some USU administrators have not consistently shown commitment to accountability. We are encouraged by UBHE’s recent hiring of a new president for USU who has a record of good leadership. We recommend the president and the board of trustees set a tone of accountability across the university and improve oversight, policies, and training.

USU Has Demonstrated a Pattern of Financial Noncompliance and Poor Decision-Making



We noted several instances where USU employees were not committed to financial compliance. One of the best ways to reestablish a culture of accountability is a leader who models compliance.

The nature and number of financial issues identified during this audit were concerning. We noted several instances where presidents, vice presidents, and employees were not committed to following policy.⁴ This chapter details instances where university leadership and employees bypassed financial processes and controls or made questionable decisions in the absence of strong policy. This has led to a culture where institutional resources, funded largely by taxpayers and students, are not always protected. The following examples demonstrate this pattern of noncompliance:⁵

Examples Where USU Leadership and Staff Bypassed Requirements in *Utah Code* and University Policy

- A university department began contracting with a vendor in 2013 and renewed contracts multiple times without a documented competitive process. The costs of these contracts exceeded \$12 million. When the contract expired in 2023, the Office of Purchasing and Contract Services reportedly agreed to a one-year extension with the understanding that the following year’s contract would go through the proper process. However, the department ignored policy and the purchasing office’s instructions

⁴ We identified many of these cases through independent interviews and reviewing prior audits performed by USU’s internal audit team.

⁵ Statutes and policies that correspond to these issues and that appear to be violated will be included in footnotes. Note that USU’s internal audit function performed various audits on financial controls and violation of university policy and some of their work is reflected in these examples.



and in 2024, signed a new, five-year contract with the same vendor.⁶ USU's legal department also raised concerns but approved the contract, citing "desired administration relationships." Purchasing requested clarification on why this department did not follow procurement policy but received no response.

- USU leadership engaged in purchases with an individual who had prior professional connections to the university. In this instance, the president's office disregarded the procurement process and hired someone with a perceived conflict of interest.⁷ The office submitted a contract for these services as a sole source procurement after services had begun and claimed market research was conducted but provided no documentation.⁸ This purchase violated university policy, and the initial cost estimate of \$30,000 grew to over \$100,000 in four months.⁹
- The president's office began purchasing services from an external consulting company with prior professional ties to university leadership without following procurement policy. USU leadership spent over \$200,000 on an open order and other unapproved purchases despite instructions from Purchasing and Contract Services (Purchasing) that the company had not been financially vetted.¹⁰
- The president's office also reportedly attempted to influence the outcome of a competitive bid after an award was already determined. The office



Several instances reveal where leaders should have followed policy or good practice but didn't.

⁶ *Utah Code* 63G-6a-506(3) and 63G-6a-602 and USU Policy 5001.2 require competitive bidding for purchases over \$5,000.

⁷ USU's Individual Conflicts of Interest policy applies a narrower definition of conflicts than the University of Utah's policy, which would classify this relationship as a concern.

⁸ *Utah Code* 63G-6a-802 and USU Policy 5001.4 requires the purchasing office to determine if there is sufficient justification for sole source procurement. Policy requires the department to provide written justification, describing why sole source procurement is necessary.

⁹ USU Policy 5001.2 requires purchases greater than \$5,000 to go through the competitive selection process. USU Policy 5001.2 was in place during the events we reviewed. This policy still exists and was recently updated in November 2025 to establish \$10,000 as the new threshold for USU.

¹⁰ USU purchasing procedures state that purchases made without the proper procurement process are after-the-fact purchases. These purchases are considered emergency cases and should rarely occur.



preferred a vendor that exceeded the original budget scope and was not selected. The office intended to alter factors of the vendor's application after-the-fact by requesting the preferred vendor lower its costs to change the outcome.¹¹

- Other examples demonstrate where a few university leaders committed the university to many contracts with external companies leading to millions of dollars in unvetted and noncompetitive services.¹²

Examples of Purchases that Demonstrate Poor Judgment Without Clear Policy

- University leadership engaged in a project without securing funding sources beforehand.¹³ This requirement is not in policy but is reportedly requested from departments prior to conducting projects over \$100,000 across campus. The project's original plan included basic upgrades, such as new paint and carpet, for an estimated cost of \$10,000. Despite concerns from some USU leadership,¹⁴ the president's office moved forward and spent \$300,000¹⁵ on renovation expenses. These renovation expenses went beyond new carpet and paint and were questioned both externally and internally. Currently, the university has not identified a funding source for this project. The university has yet to fund the project and still owes the full amount within its internal financial accounts for expenses, 10 months after the project was completed. This example is not isolated: we identified another instance where university leadership made poor financial decisions to avoid negative attention.

¹¹ *Utah Code* 63G-6a-604 states that to ensure fair competition, vendors cannot make changes to submitted bids if changes negatively impact the purchasing unit (in this case it may have impacted the service's price or quality). USU Policy 5001.3 requires awards be given to vendors that provide the best value to the university as determined by the competitive selection process.

¹² *Utah Code* 63G-6a-506(3) and (6) and USU Policy 5001.2 require a competitive bidding process for purchases greater than the established threshold of \$5,000.

¹³ In 2024, the President's Office began a renovation of university leadership office space in Champ's Hall. The president acknowledged upcoming university-wide budget reallocations. However, the President's Office proceeded with the project anyway.

¹⁴ USU administration viewed the Legislature's reinvestment plan (HB 265 in the 2025 General Session) as a budget cut but still moved forward with the renovations.

¹⁵ This expense was previously reported by various media outlets in 2025.



- The lack of policy compliance is not unique to the president’s office. Another university department has frequently participated in and approved emergency purchases.¹⁶ This department committed the university to spend nearly \$1 million without appropriate approval. Finance employees in this area could not explain why these purchases were made without approval but acknowledged that these types of purchases should not regularly occur. This suggests that leadership failed to set a proper tone. Purchasing also noted these types of purchases should not regularly occur. While staff disregarded common university procedures, we found no policy guidance on this type of purchase.
- University personnel in at least one instance stayed in high-cost accommodations while traveling. Although some stayed in higher-priced rooms, others on the same trip stayed in less expensive rooms. This discrepancy shows some attitudinal differences toward spending in the absence of policy. USU did not have strong policy in this area until the board of trustees provided policy guidance in November 2025.



We conclude that there has been a pattern of severe noncompliance within the institution for many years.

Numerous other internal and external allegations have been reported that we were not able to review in detail. However, based on the documentation we were able to review, there has been a pattern of severe noncompliance within the university for many years. University leaders are not held accountable for violating university policy, which

undermines the effectiveness of existing internal controls. When leadership fails to follow policy, it sets a precedent that encourages further noncompliance.

Compounding the problem further, university leadership ignored the internal auditors’ recommendations to improve controls that would have addressed many of the above issues. This will be discussed in greater detail in Chapter 4.

USU Leadership Must Improve Financial Accountability, Policy, and Training

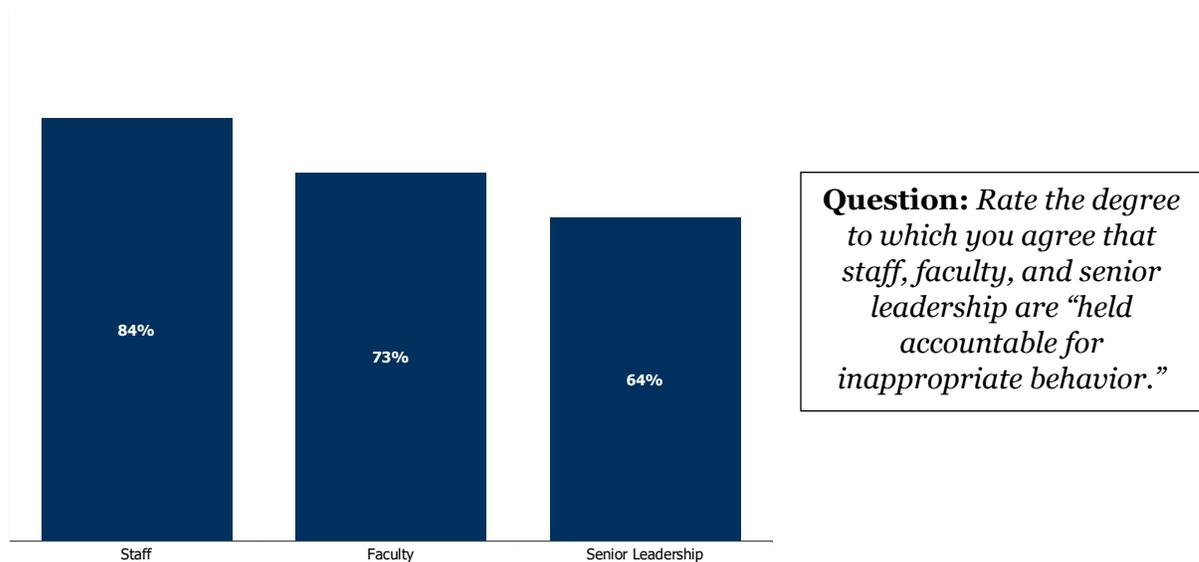
USU Must Strengthen Accountability at All Levels. In some of the cases we discussed, policy—if followed—may have been sufficient to provide proper guidance. However, USU’s poor leadership, financial stewardship, and accountability led to many of these problems. We conducted a culture survey of

¹⁶ The university defines emergency purchases as after-the-fact purchases.



USU, which found a perception that leadership is held to a lesser standard of accountability than staff.

Figure 1.1 Survey Respondents Perceived Senior Leadership as Having Less Accountability for Inappropriate Behavior. This figure reflects the percentage of agreement university personnel has on how each position group is held accountable.



Source: Auditor-conducted culture survey of USU. Note that this figure is a combination of three questions.

This disparity in perceived accountability by position is concerning and must be addressed. Some of the other institutions we reviewed within the Utah System of Higher Education (USHE) appear to prioritize financial accountability at all levels of the organization.¹⁷ For example:

- **Southern Utah University** reported that it uses a financial violation point system. When a university employee violates financial policy, their supervisors are notified, and the employee is given a number of points based on the severity of the violation. As points accrue, the purchasing office implements corrective actions for the employee, ranging from required training to suspended purchasing privileges. The policy applies to all employees and helps administrators identify violation patterns and use fair corrective actions.

¹⁷ We have not audited these specific practices at these institutions and cannot validate the extent to which these systems are enforced with fidelity. We note them as practices that prioritize compliance.



- **The University of Utah** reported that it uses a software system to automatically audit all university transactions and keeps an archive of all historical violations. This process improved the administration's visibility of transactions. The university is working toward integrating a violation point system into the software system.



USU has not held persons who violated Utah procurement code or USU policy accountable for their actions. An improved system with stronger accountability is needed.

Southern Utah University and the University of Utah appear to maintain strong internal controls to track and correct financial policy violations when they occur. Interestingly, USU previously maintained a violation point system for purchasing cards but discontinued it. According to university personnel, this occurred, in part, because corrective actions were not being enforced. As USU's example illustrates, an organization that has policy and internal controls maintains only half the equation. University leadership must formalize policy and consistently set the tone of accountability by holding everyone responsible for noncompliance. In addition, there is an opportunity for the institution to explore operational controls, systems, or tools to more proactively address institutional risks rather than merely responding to issues as they occur.

RECOMMENDATION 1.1

The Utah State University president, in collaboration with the board of trustees, should establish a formal accountability system for university purchases. These bodies should then require and review reports on violations of policy to strengthen oversight, accountability, and compliance with university financial policy.

RECOMMENDATION 1.2

The Utah State University Board of Trustees should periodically survey university financial officers to determine the president's and employees' compliance with university spending policy. The board should monitor these reports and include findings in the annual key performance indicator evaluation of the president. This will facilitate greater oversight and accountability throughout the university.



RECOMMENDATION 1.3

The Utah State University president, in collaboration with the board of trustees, should strengthen operational controls, systems, and tools to more proactively address institutional risks rather than merely responding to issues as they occur.

The Board Must Monitor Where Policy Should Be Strengthened. Aside from significant instances where policy was bypassed, there are gaps where better policy could have helped guide behavior.

UBHE has authorized boards of trustees to oversee institutional policies:

USHE Guidance to Boards of Trustees

“Trustees approve institutional policies needed for the effective administration of the institution, ensuring they maintain parameters set by the Board of Higher Education.”

Despite USHE guidance and USU internal audit findings in 2024, the board did not have policies that would have set boundaries on some larger purchases, such as lodgings and travel.¹⁸ Although leadership agreed with internal audit’s recommendation, we found no evidence that the president or board of trustees acted to strengthen policy or controls. After these concerns were reported publicly, the board of trustees passed policy in November 2025 to address these recommendations. Earlier adoption of stronger controls could have set parameters around excessive lodging costs.

During this audit, the board acted to update other policies. These updates provide more requirements for the procurement process, guidelines surrounding presidential spending, and greater oversight of the budget process. We are encouraged by these improvements and will discuss areas where the board can be better supported in acting on its authority in Chapter 4.

¹⁸ For example, in 2023 USU’s internal auditors recommended establishing maximum lodging rates to strengthen controls over university-funded travel.



RECOMMENDATION 1.4

The Utah State University Board of Trustees, in collaboration with the president, should review spending activities, policies, and controls. The board should then formalize policy in areas where weaknesses exist and where more guidance is needed. This will ensure the university is responsive with policy and controls in areas where further improvements are needed.

USU Purchasing Must Formalize, Track, and Report Training. The university’s purchasing office has not formalized training to inform and guide employee purchasing. USU leadership should require ongoing participation in this training. We asked the purchasing office to provide records of training that were provided to university personnel; however, we received no documentation. Various employees from USU departments report that they have not received sufficient formalized financial training. Because purchasing couldn’t provide any documentation and based on what we were told, it appears this training has not occurred. A senior leader within the university agreed that training needs to improve but said the university is making efforts to strengthen its training practices.



USU must also formalize, track, and report financial training to strengthen compliance.

RECOMMENDATION 1.5

The Utah State University president should ensure employees receive financial trainings for all personnel with purchasing authority for the purpose of strengthening awareness of and compliance with university financial policy.

1.2 USU Leadership Should Improve Oversight and Communication in Its Statewide Operations

USU leadership should have provided better oversight of USU’s statewide campuses. Some administrators have not been present (or at times willing) to hold employees accountable to USU policies, enabling asset misappropriation, misconduct, and favoritism.

The following examples illustrate concerns with USU’s governance of statewide campuses:

- Concerning policy violations have occurred at some of USU’s statewide campuses. Numerous staff complaints of misconduct and retaliation were filed with the university and reported to us. Although USU policy



prohibits these behaviors, the university has not been prompt or decisive in resolving some of these issues.

- A USU internal audit report found that a former employee in a USU statewide campus was paid for two years and could not provide documentation of work completed. Poor oversight fostered an environment where this misconduct occurred. Based on our conversations with university personnel, we are not convinced that these issues have been fully corrected.

We also heard many reports from those working in statewide campuses of a disconnect between the Logan campus and other USU campuses. For example:

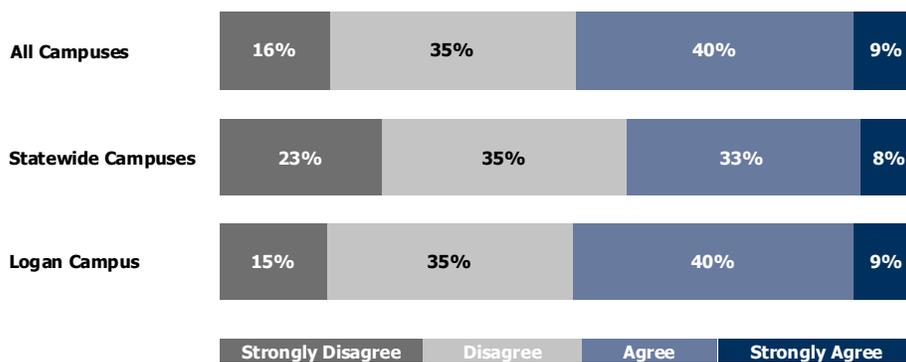
Culture Survey Open Responses

Response 1: "Communication is vital; the function and purpose of the statewide campuses are almost unknown to faculty and staff on the main Logan Campus. The Logan campus community needs to understand better statewide."

Response 2: "...those on other campuses do not feel as if they are part of the overall system or that they are valued as much as their counterparts in Logan."

We believe better leadership and communication could have assisted on these issues. Based on many interviews and our culture survey, we found that communication throughout the university is perceived as poor.

Figure 1.2 Statewide USU Leaders and Staff Reflect That There is a Lack of Communication Across Campuses. Respondents from statewide campuses disagreed more than the Logan campus that communication was effective.



Question:
Communication across colleges, departments, and administrative units is effective.

Source: Auditor-conducted culture survey of Utah State University.

USU leadership is aware of this situation and is working to address it. However, some campuses continue to experience low morale and fear of retaliation among staff.



While not specific only to statewide campuses, USU leadership has also not provided strong processes for some human resource (HR) functions. For example, it was reported to us that job descriptions and pay scales have been decentralized and not centrally collected and analyzed. Although we did not



There are other concerns with USU’s statewide campuses, including the need for improved communication, that must be addressed.

review this issue in depth, the lack of leadership in this area has created concerns with inequalities and inefficiencies throughout the university. USU leadership is aware of this issue and is working to remediate it. We recommend USU continue to develop more uniform HR structures and pay moving forward.

If USU fails to fully address these issues with better oversight and controls, management will be accepting the risk of inappropriate activity. We believe USU management can do more to provide leadership, communication, and involvement among the university’s statewide campuses. We recommend that USU leadership set the tone of accountability, enforce policies, and hold its personnel to high internal and ethical standards.

RECOMMENDATION 1.6

The Utah State University president should improve leadership involvement, oversight, and communication with Utah State University’s statewide campuses. The president should regularly survey these campuses to determine where further improvements are needed. This will assist management in their effort to strengthen policy compliance and improve culture.

RECOMMENDATION 1.7

The Utah State University president should continue to create a more uniform human resources system by addressing inequitable work structures and pay scales.

1.3 USU Fully Cooperated and Provided All Requested Information

USU leadership and staff were fully cooperative throughout the audit, providing all requested information promptly. We engaged with leaders and staff throughout the institution, conducting numerous interviews and reviewing extensive documentation. USU personnel demonstrated responsiveness to our



audit and investigative authority and supplied records from key areas, including financial, executive, legal, and operational sources. Notably, we encountered no impediments to completing our audit work.



BACKGROUND

USU uses an incremental budgeting model to fund academic programs, which disincentivizes effective teaching and program development throughout the university. University stakeholders have described that the budget model has been broken for a long time, but leadership has been unable to make needed changes. Additionally, the university fails to provide meaningful incentives for faculty who prioritize student workforce outcomes.

FINDING 2.1 USU Leadership Should Align Its Budget Structure to Be Responsive to Student Needs

RECOMMENDATION 2.1

USU should commit to a timeline for implementing an improved budget model that meaningfully ties resources to enrollments and teaching loads.

RECOMMENDATION 2.2

USU should include student outcome metrics in its improved budget model to maintain instructional rigor.

RECOMMENDATION 2.3

As USU leadership develops its budget model, they should incorporate incentives for faculty to accomplish both the research and teaching missions of the institution.

FINDING 2.2 Role Statements Fail to Incentivize Workforce Development Activities

RECOMMENDATION 2.4

USU leadership should specify in role statements that departments chairs are responsible for overseeing the student employment outcomes and workforce alignment efforts of their departments. This includes implementing feedback from alumni and employers to improve department performance.

RECOMMENDATION 2.5

USU should develop effective supports for department chairs to oversee the workforce development activities of their departments. This includes tracking alumni outcomes, soliciting feedback from alumni and employers, providing training, and creating incentives for departments to improve post-graduation employment and education outcomes for students.

RECOMMENDATION 2.6

USU should develop and implement a plan to increase the number of faculty in each department whose role statements indicate they are responsible for improving student employment outcomes and workforce alignment.

FINDING 2.3 Some Stakeholders Have Developed Strong Student- Focused Programs Despite the University's Current Incentive Structure

NO RECOMMENDATION



CONCLUSION

By redesigning the university's budget model and incentive structure, leadership can more effectively empower faculty to achieve the university's mission. This includes producing high quality research and helping students obtain strong employment outcomes.





Chapter 2

USU Should Review and Update Its Budgeting and Incentive Structure

Utah State University's (USU or university) budget model disincentivizes effective teaching and program development. For example, the engineering technology program, despite high demand and market need, may lose 33 students because it lacks funding to support them. The budget model needs to be updated to support growing programs. USU has discussed making changes for many years, but leadership has failed to act. USU leadership must address concerns and move forward.

Leadership must also improve USU's incentives to better reward teaching faculty who are addressing workforce alignment. Many faculty role statements do not include student outcomes, such as student employment or workforce alignment. Consequently, faculty who prioritize these areas may be disadvantaged in promotion and tenure decisions. Removing this barrier will strengthen the institution's efforts to align programs with workforce outcomes. Finally, we identified areas at USU that are demonstrating high impact for students.

2.1 USU Leadership Should Align Its Budget Structure to Be Responsive to Student Needs

USU uses incremental budgeting, which has disincentivized effective teaching and program development throughout the university. This means the university provides each college the same level of resources it received in the previous year plus a cost-of-living adjustment. When the university receives additional dollars from legislative performance funding, USU leadership chooses where those funds go based on proposals submitted by the colleges. Therefore, the resources colleges receive are not directly tied to the number of students they enroll, teach, and advise. The current budget model stifles growth and could result in students not graduating on time or at all. We believe that in an era of projected future enrollment declines, the university should align its incentive systems to be responsive to student needs.



Incremental budgeting alone disincentivizes effective teaching and program development throughout the university.

Three examples highlight how current programs are disincentivized to grow:



- The engineering technology program currently enrolls 107 students.



The engineering technology program does not have the resources it needs to meet student demand.

However, because funding has not been tied to student enrollment, the department may lose 33 students due to a lack of resources to support them. Additionally, the department cannot offer the courses required for remaining students to make progress toward completing their degrees each semester.

- The aviation department has increased student enrollments from 250 to 685 since 2015. Department leadership believes they can continue to grow based on student demand. However, they are hesitant to continue recruiting because they cannot support further growth.
- The chemistry department struggles to offer enough courses to help students efficiently move through their programs. The department has waitlists of 204 students for its Spring 2026 lower-division courses, possibly affecting time to graduation.¹⁹

USU added a growth component to its budget in 2016, but the funding makes up only 8% to 15% of the cost required to run the majority of departments. As a result, growth funding has been an insufficient solution. Past and current leaders have told us the importance of fixing this budget model but have been unable to do so during their tenure. Recently, the university began taking a more serious look at this issue. However, USU leadership has not committed to a timeline for implementing an improved budget model.



USU leadership has not committed to a timeline to implement an improved budget model.

Leadership has chosen not to prioritize resources from declining departments and programs to ones that are growing. As a result, leadership's failure to implement a budget model that aligns funds with enrollment and teaching loads limits the university's ability to allocate resources efficiently in support of its student-focused mission.

¹⁹ There are still waitlists despite the department recently receiving additional graduate teaching assistants.



RECOMMENDATION 2.1

Utah State University should commit to a timeline for implementing an improved budget model that meaningfully ties resources to enrollments and teaching loads.

RECOMMENDATION 2.2

Utah State University should include student outcome metrics in its improved budget model to maintain instructional rigor.

Incentives to Conduct Research Are Stronger than the Incentives to Teach Students

USU’s current budget model rewards sponsored projects (which include research) over teaching. When students pay tuition, their money is distributed to fund the base salaries of faculty members, regardless of their research or teaching load.²⁰ In contrast, when faculty receive funding from sponsored projects, these funds are primarily used to support the work specific to that project. To understand how the university’s incentives align with its revenue sources, we examined how much money USU generates through research and teaching activity.

The Space Dynamics Lab’s Revenue Does Not Support the University’s Academic Operations. USU reported \$455 million in sponsored projects revenue for the 2023-24 academic year. This number includes revenue generated by the Space Dynamics Lab (SDL). However, almost all of the SDL’s revenue is used to fund its own commitments to federal grants. Very few USU faculty support the SDL’s work. Additionally, while USU does own the SDL, the lab is a separate corporation with distinct bylaws. Therefore, including SDL’s funding with the university’s reporting can inflate the university’s sponsored project revenues and deflate the contribution of tuition and state appropriations. Reporting SDL revenue as a part of the university’s sponsored projects is correct for financial reporting, but it is not informative for understanding the proportional contributions of students, taxpayers, and grants to the university’s operations.

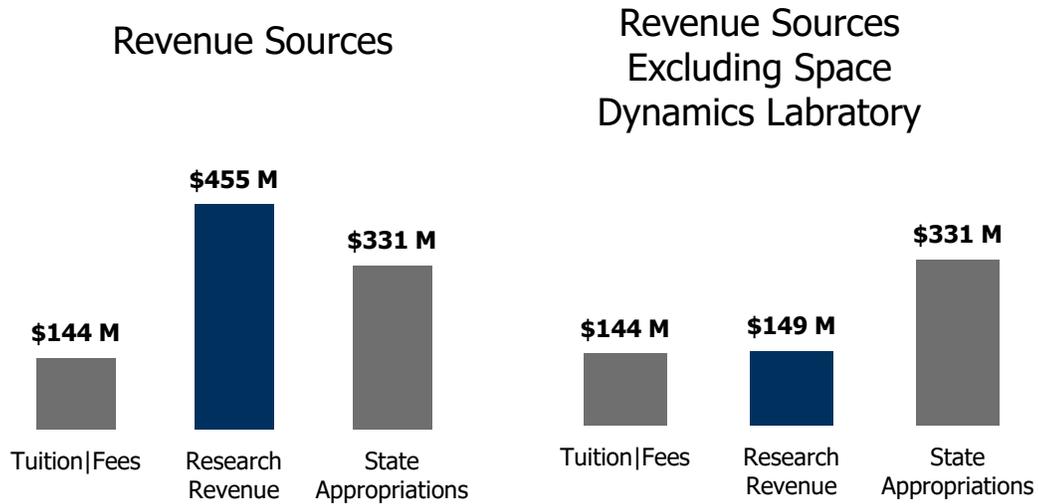


Almost all of the SDL’s revenue is used to fund its own commitments to federal grants. Very few USU faculty support the SDL’s work.

²⁰ This can be an area of concern. For example, we identified a research faculty member who had not published any work for several years. While there are faculty at USU who are good stewards of public dollars, this is an example of one faculty member who was not.



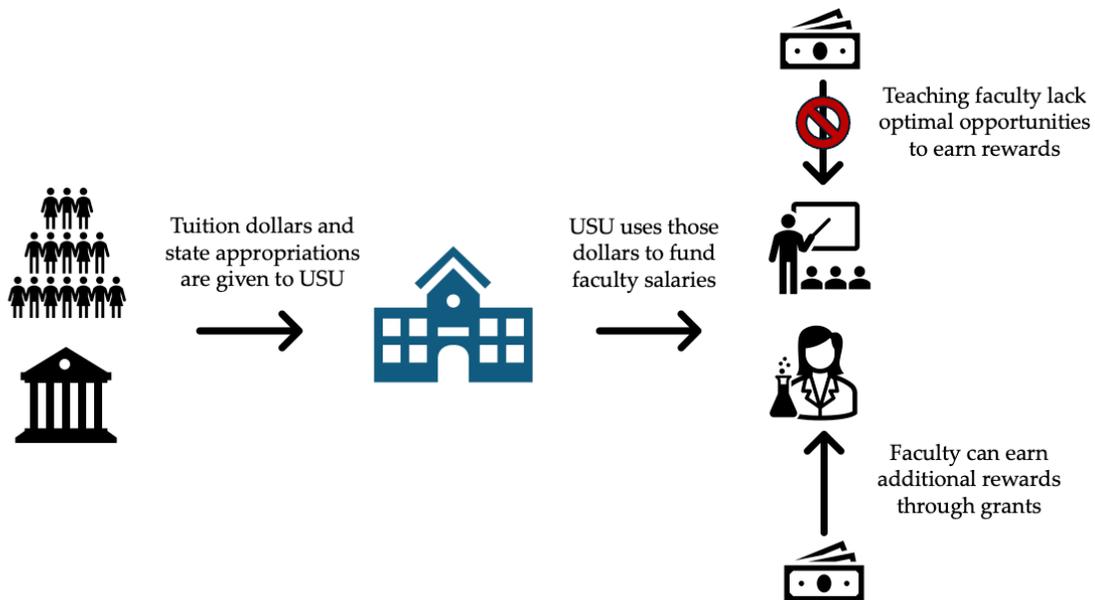
Figure 2.1 USU Faculty Generate Similar Revenue from Students and Sponsored Projects. USU traditionally includes revenue from the Space Dynamics Lab in its financial reports. Presenting the non-SDL sponsored-project totals provides a more accurate comparison of how teaching and contracting activities contribute to the university’s academic budget.



Source: Auditor generated.

The partnership between USU and the SDL is important to both institutions. Because the SDL is a University Affiliated Research Center designated by the U.S. Space Force, it must have a university sponsor. However, it is important to acknowledge the university generates almost as much revenue from student tuition and fees as it does from non-SDL sponsored projects.

The University’s Budget Model Fails to Incentivize Teaching. The university’s budget model incentivizes researchers because they can receive additional resources on top of their base salary. When researchers win a grant, they receive funding to increase their compensation, travel to conferences, and hire graduate students. The university’s budget model lacks similar incentives for teaching students, except for when faculty teach summer courses. If faculty members teach high-quality classes and attract more students, they do not receive additional resources on top of their base salary. This means that USU’s budget model provides better incentives for the research component than for the teaching component of its mission. The graphic below illustrates what happens to faculty who bring in money through research, compared to faculty who bring in money through teaching:



Faculty who conduct research have more opportunities to earn resources than faculty who only teach. In fact, some faculty members indicated they are disincentivized to increase enrollments because they would not receive enough funding to effectively teach more students. Others said that teaching faculty are sometimes less valued than research faculty.

Some faculty indicate they are disincentivized to increase enrollments because they would not receive enough funding to effectively teach more students.

Given that USU's mission includes both conducting research and supporting students, we believe the university needs to adjust its incentive structure to effectively reward both research and teaching activities.

RECOMMENDATION 2.3

As Utah State University leadership develops its new budget model, they should incorporate incentives for faculty to accomplish both the research and teaching missions of the institution.



2.2 Role Statements Fail to Incentivize Workforce Development Activities

Role statements limit how much faculty can improve student employment outcomes.²¹ Role statements outline faculty responsibilities and serve as the foundation for evaluations, tenure review, and promotions. Across the university, role statements do not include improving student employment outcomes or workforce development as priorities. This means that faculty may not get credit in performance evaluations or tenure decisions for the following:

- Creating connections between students and employers
- Writing letters of recommendation
- Gathering feedback from alumni
- Aligning course content with industry needs



Role statements do not include engagement in workforce development activities.

During our interviews, department chairs and faculty members indicated they were sometimes unable to justify performing these activities because they were not outlined in their role statements. As a result, some departments have not collected or implemented the feedback required to optimize future student success.

To alter a faculty member's role statement, the dean, department chair, and faculty member must all agree to the change. While some faculty may be willing to change their role statements to better support student success, others may not. When it comes to new faculty, the university can construct role statements that include a greater emphasis on workforce development activities. By adjusting role statements, university leadership can better reward faculty who prioritize improving student employment outcomes. Operationally, this could mean including workforce development as a form of evidence toward demonstrating excellent teaching.

Additionally, department heads are currently not responsible for overseeing student employment and workforce development activities. Many (though not all) supported the idea of changing their role statements to include these responsibilities. However, they expressed a need for more support—including guidance, training, and resources—in order to fulfill those responsibilities

²¹ Role statements are similar to job descriptions, but they differ in a few key areas. Job descriptions outline the general duties and qualifications for a position, while role statements specify how a faculty member's responsibilities are distributed across research, teaching, and other activities.



effectively.²² Due to time constraints of the audit, we were unable to evaluate the training and support department heads received.

The university has the opportunity to develop and improve institution-wide data systems that measure student employment, workforce outcomes, and continued education (i.e. graduate education). Once developed, the university should then create incentives for departments to do more to positively affect those outcomes for students.

RECOMMENDATION 2.4

Utah State University should specify in role statements that department chairs are responsible for overseeing the student employment outcomes and workforce alignment efforts of their departments. This includes implementing feedback from alumni and employers to improve department performance.

RECOMMENDATION 2.5

Utah State University should develop effective supports for department chairs to oversee the workforce development activities of their departments. This includes tracking alumni outcomes, soliciting feedback from alumni and employers, providing training, and creating incentives for departments to improve post-graduation employment and education outcomes for students.

RECOMMENDATION 2.6

Utah State University should develop and implement a plan to increase the number of faculty in each department whose role statements indicate they are responsible for improving student employment outcomes and workforce alignment.

²² The university has a Career Design Center that hosts employment fairs and assists students in designing career plans. However, without a deep familiarity with the core competencies USU's departments teach students, Career Design Center staff may be unable to build effective recruiting relationships between employers and USU departments.



2.3 Some Stakeholders Have Developed Strong Student-Focused Programs Despite the University's Current Incentive Structure

USU struggles to reward faculty members who prioritize student employment outcomes and workforce alignment. Despite this, there are strong departmental leaders at USU who proactively pursue student outcomes and integrate workforce readiness into their curricula. We conducted case studies of two such departments to identify how they operate, what their student outcomes are, and which practices drive those outcomes. Removing the obstacles that make it difficult to focus on students could produce more of these positive outcomes.

Analytics Solutions Center

The Analytics Solutions Center (ASC) is a faculty-led, student-staffed data consulting studio housed within the Department of Data Analytics and Information Systems. Through the ASC, students extend their classroom learning by performing data consulting work for corporate, government, and nonprofit partners. The center has generated over \$1.15 million in revenue over three years, all of which has been used to support student scholarships and wages. According to a recent survey of ASC students, 98% have found employment or are continuing their education. Based on our review, the following factors contributed to the ASC's outcomes:



The center has generated over \$1.15 million in revenue over three years, which has been used to support student scholarships and wages.

Restructured Faculty Incentives

Some faculty hired into the Department of Data Analytics and Information Systems have role statements that outline expectations to mentor students and help enhance their career outcomes. This stands in contrast to the typical role statement for faculty at the university, which does not outline such responsibilities.

Below is an excerpt taken from an ASC faculty role statement:

“Excellence in your teaching role will be contingent on your record of student impact through ASC mentoring. We will expect you to

- *Collaborate with the ASC Director to measure and track student impact, particularly through job placement;*



- *Seek and manage partnerships with the ASC at the intersection of marketing and data analytics to increase revenue and opportunities for student engagement;*
- *Mentor students completing ASC-related projects or internships;*
- *Stay current with professional trends and practices and help other faculty mentors and instructors to calibrate and create curriculum to prepare students for their work in the ASC."*

By outlining these responsibilities in role statements, the department directly ties evaluations and promotions to student and workforce development activities.

Blended Theory and Practice

At the ASC, students learn both theory and practice. This leads to a beneficial learning cycle: Their instruction in theory improves their consulting work, and their consulting work improves their understanding of theory. This instructional model has additional benefits. Faculty members engage in professional development as they lead ASC projects, which helps them update their classes to be relevant to workforce needs. Faculty members also establish recruiting relationships between organizations and students.

Expanded Definition of Research

The ASC views research and analysis conducted for government, corporate, and education organizations as valuable work that should be rewarded and recognized. The ASC delivers value by incentivizing faculty to create actionable knowledge for organizations. For example, the CEO of a Utah-based technological company who hired the ASC described that the center creates



The ASC delivers value by incentivizing faculty to create actionable knowledge for organizations.

"an obscene amount of value. There is very little fluff. You're dealing with legitimate quantitative professionals and their students. Their ability to understand your problem and work towards a deliverable and a solution, I haven't found yet anywhere else."

The ASC uses its expanded definition of research to generate diversified revenue. As federal research grant funds shift, the ASC is well positioned to win other revenue sources to support its work.



The Center for Anticipatory Intelligence

The Center for Anticipatory Intelligence (CAI or center) is an academic center that blends the humanities with hard skills to prepare students to address national security risks. Since 2018, CAI has grown enrollments from 18 to 147 students, with 94% of graduates either employed or continuing to pursue their education. Based on our review, the following factors have contributed to CAI's outcomes:

Collaboration Across USHE Institutions

In a previous audit, we described instances where USHE institutions chose to duplicate programs instead of creating partnerships that benefit the system.²³ Contrary to those examples, CAI has partnered with the Center for National Security Studies (CNSS) at Utah Valley University to leverage each other's strengths. While CAI specializes in systems level analysis and complexity science, CNSS prioritizes cyber security, open-source intelligence, and emerging technologies. By working together, these centers secured funding from Talent Ready Utah to create pathways that train students to secure Utah's technology sector without program duplication.

Effective Industry Feedback Loops

CAI and CNSS have developed industry partnerships that shape how they train students. Every year, faculty from both universities meet with 9 industry partners to receive feedback on how to best prepare students to successfully work in intelligence, technology, and defense. CAI faculty use this feedback to adjust their pedagogy. For example, the center redesigned its foundations course



CAI prioritized writing and critical thinking in response to industry feedback.

to better prioritize writing and critical thinking. One industry partner from a large defense firm described students from CAI as "some of the most talented and strategically trained students emerging from Utah institutions of higher education."

Applied Curriculum

The center uses security simulations, industry-led workshops, field research, and capstone projects to teach students. For their capstone projects, students work with organizations like the Governor's Office and Intermountain Health. As an example, one student is using his religious studies background to help an

²³ *A Performance Audit of the Utah System of Higher Education: A Review of System Collaboration, Efficiency, and Workforce Alignment* (Report #2024-22)



industry partner bridge the disconnects between its U.S. headquarters and its India office.

Detailed Alumni Workforce Outcomes Data

In 2024, CAI surveyed alumni from all prior semesters to determine their job outcomes and workforce preparation. Survey data revealed the following:

- 95% of alumni are employed full-time or are pursuing further education.
- 83% of alumni report they apply skillsets they learned from CAI often or very often in their current job.
- 99% indicated they would choose to study anticipatory intelligence again.

By collecting this information, CAI faculty can verify that the work they do to design courses translates into effective workforce preparation.

Both the ASC and CAI demonstrate how innovative instructional and research strategies can increase enrollments and produce strong student employment outcomes. The university should consider how it can adjust its incentive structure to help other departments produce similar outcomes.





BACKGROUND

The Legislature and Utah Board of Higher Education (UBHE) have increased the responsibility and authority of presidents in recent years. However, UBHE and boards of trustees have not provided adequate oversight and support to presidents. Presidential evaluations, implementation of performance-based pay, and presidential succession planning are all areas where UBHE should make improvements.

FINDING 3.1 **The Presidential Evaluation Process Should Be Improved**

RECOMMENDATION 3.1

The Office of the Commissioner of Higher Education (OCHE) should provide stronger guidance to boards of trustees assisting with annual presidential key performance indicator reviews. This will assist in more consistent and effective evaluations. The office should then require the board provide documentation of this process.

RECOMMENDATION 3.2

The Legislature should consider providing guidance surrounding presidential evaluations, including how frequently they should occur and who should conduct them. If the Legislature does not codify additional guidance, UBHE, in collaboration with the OCHE, should increase the frequency of comprehensive presidential evaluations to better align with average presidential tenure in Utah and best practices.

RECOMMENDATION 3.3

The Legislature should consider requiring that presidents undergo a comprehensive evaluation after completing their first year in the position. If this is not codified, OCHE should revise policy and practice to ensure that each president receives a comprehensive evaluation after completing their first year at an institution.

FINDING 3.2 **USHE Should Implement Performance-Based Compensation in a Timely Manner**

RECOMMENDATION 3.4

UBHE and OCHE should fully integrate its budget model for performance-based pay, setting presidential performance metrics and incorporating them into each president's terms of employment.

FINDING 3.3 **USHE Needs to Develop Robust Succession Planning**

RECOMMENDATION 3.5

OCHE should draft and follow a written systemwide succession plan, as required in *Utah Code*, to ensure successful presidents can be identified and hired. The office should document individual persons in each institution with potential to become presidents and provide them opportunities to further refine and build skills within the system.

FINDING 3.4 **USHE Recently Implemented a Coaching Requirement**

RECOMMENDATION 3.6

OCHE should continue to identify areas for ongoing presidential coaching and regularly provide training. This effort should be measured as successful when it helps presidents improve according to system goals.



CONCLUSION

USHE has provided some training supports to presidents but should strengthen other presidential oversight and support. Presidential succession planning, performance pay, and presidential evaluations should be improved either through Legislative action or USHE level policy changes.





Chapter 3

The Utah System of Higher Education Should Strengthen Presidential Oversight and Support

Limited trustee oversight, paired with differences in personality and approach, contributed to past Utah State University (USU) presidents providing unreliable and sometimes unsuccessful leadership. The findings in this report illustrate the importance of institutional presidents' leadership. The Legislature and Utah Board of Higher Education (UBHE) have tasked presidents with significantly impacting the vision, direction, tone, culture, and success of their institution. *Utah Code* requires, and our recent audits recommend, that UBHE strengthen presidential oversight and support to help presidents carry out these duties. However, UBHE delegated some of its statutory responsibilities to institutional boards of trustees but did not provide adequate support to help them be successful.

The USU Board of Trustees did not adequately fulfill its delegated responsibilities for supporting and overseeing the president. While USU was the focus of this audit, we found evidence that this may be a statewide issue. Inadequate oversight and hiring the wrong leader can lead to incalculable damage if the leader moves institution in the wrong direction. The financial cost is also great. This chapter identifies areas where UBHE and the Office of the Commissioner of Higher Education (OCHE) can further improve these supports for all presidents.^{24,25} In our review of best practices in higher education and other industries, we identified the following four supports leaders need to be successful:



The USU Board of Trustees did not adequately fulfill its delegated responsibilities for supporting and overseeing the president.

²⁴ We also identified training and coaching as an important area of support. USHE is in the process of implementing this important function.

²⁵ The Utah System of Higher Education (USHE) is used frequently in this chapter to communicate when processes are shared by UBHE and OCHE. We make recommendations to both bodies due to their shared roles and responsibilities on topics in this chapter.



How to Support a Successful President



Training and Coaching



Evaluations



Performance Pay



Succession Planning

Source: Auditor generated from a review of best practices. **Utah Code** has formalized many of these supports. It is up to USHE to implement, or provide further guidance on, these requirements.

3.1 The Presidential Evaluation Process Should Be Improved

The presidential evaluation structure has been insufficient, and UBHE must formalize and improve this process. **Utah Code** assigns UBHE responsibility for evaluating presidential performance.²⁶ UBHE’s current evaluation structure requires a key performance indicator (KPI) review every year and an in-depth evaluation every four years. However, in some ways this structure has been insufficiently explained and overseen at USU, and UBHE must formalize and improve its process to ensure future USU presidents receive robust evaluations.



The state board must formalize and improve its processes to ensure future USU presidents receive robust evaluations.

For example, boards of trustees have limited knowledge of their role in the KPI review process, leading to inconsistent and potentially ineffective evaluations.

Our review of system oversight for university presidents and trustees was mostly limited to USU. However, our review of overall processes leads us to

conclude that process improvements are needed throughout the Utah System of Higher Education (USHE). Therefore, many of our recommendations are intended to improve not only USU governance but also the entire system.

UBHE Should Improve the Annual KPI Presidential Evaluation

In our 2022 audit of USHE governance, we identified concerns with presidential evaluations and provided recommendations for how UBHE could improve the process.²⁷ While UBHE and OCHE have made some changes, they must continue to make improvements. UBHE is charged with overseeing presidential evaluations but currently delegates some responsibility for annual KPI

²⁶ **Utah Code** 53B-2-106(11).

²⁷ *A Performance Audit of Utah’s System of Higher Education Governance* (Report #2022-11).

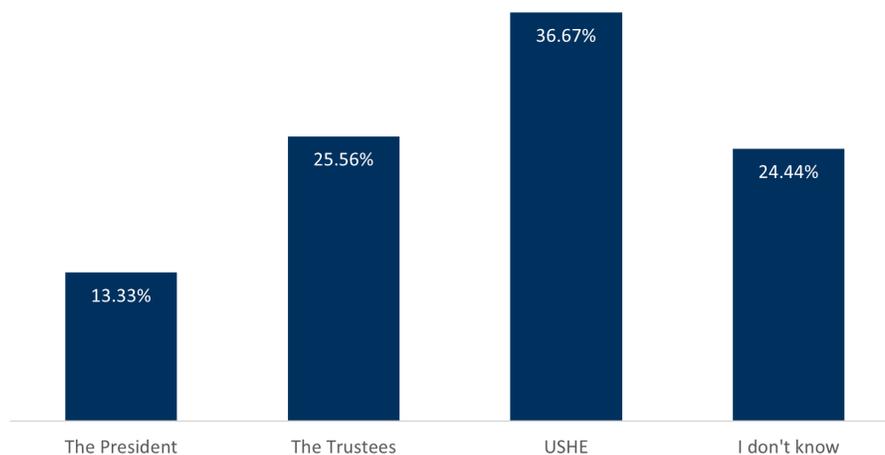


evaluations to institutional boards of trustees. UBHE reported delegating these responsibilities because it lacked the capacity to fully execute them after the size of the state board was reduced.

The involvement of institutional trustees makes sense, as it allows individuals who work more closely with the president and have ties to the institution to engage in the evaluation process. The current KPI review process requires each president to seek input from the institution's board of trustees before submitting KPIs to UBHE and OCHE. During this process the board of trustees is required to review progress on the president's previous years' KPIs and develop KPIs for the upcoming year. However, this evaluation process has inconsistent practices, understanding, and involvement.

While UBHE delegated some evaluation responsibilities to institutional trustees, we found that trustees have limited guidance or experience on the matter. Multiple USU trustees, as well as trustees at two other state institutions, told us they were confused about the evaluation process. Additionally, we conducted a statewide survey of all institutional trustees and found that there is some confusion about the trustee's role in the KPI process. For example, when asked who is *primarily* responsible for developing KPIs, trustees responded as follows:

Figure 3.2 Trustees Throughout Utah Show a Level of Uncertainty About Who is Primarily Responsible for Developing Evaluative (KPI) Measures. Nearly one quarter of all trustees that responded to the survey were unsure of the process for annual presidential evaluations.



Source: Auditor generated based on responses to the 2025 OLAG Board of Trustees Survey.

USHE only requires that executive leadership of an institution's board meet with the president to review KPIs. Survey results show that throughout the state many trustees know little about the process and are not involved or given the opportunity to provide feedback. Furthermore, the current and past USU board



chairs were confused about their involvement in evaluating the past USU president. The chairs said that they received little feedback from USHE during the KPI review process. Systemwide, it appears OCHE has provided inconsistent guidance on whether the presidents or boards of trustees create these KPI measures, which may have led to some of this confusion. In our review of this process, however, we acknowledge times when USHE has provided USU trustees with some support.²⁸ We recommend that USHE continue to support and guide trustees in this process.

Our 2022 audit made the following recommendation to UBHE:²⁹

2022 Audit Recommendation

“We recommend that the Utah Board of Higher Education strengthen the documentation of the annual presidential evaluation process to show greater accountability between institutional presidents and the board.”

While UBHE has made changes to the presidential evaluation process since this recommendation, the process is still not fully formalized or understood. There is also not a standardized template to promote consistency. Because documentation of trustee feedback is not required for these presidential evaluations, we couldn’t fully determine how this process has operated for prior USU presidents. What we do know is USHE had to intervene in correcting one past USU president’s performance, and stronger processes to support the president were needed.³⁰ A more robust KPI review with documented feedback from the board of trustees may have prevented the need for state-level intervention.



A more robust KPI review with documented feedback from the board of trustees may have prevented the need for state-level intervention.

UBHE should also consider whether all KPIs should be developed at either the state board or the institutional level. At USU, we found that the president created their own measures and requested feedback from the board. The State University System of Florida also uses a KPI process for annual presidential evaluations. However, Florida’s institutional trustees work with the

²⁸ These supports include creating an Annual Board of Trustees Summit to provide training and providing a document outlining the KPI review process.

²⁹ *A Performance Audit of Utah’s System of Higher Education Governance* (Report #2022-11).

³⁰ USU trustees reportedly attempted to help this president improve their goal setting and institutional planning processes, but the president pushed back and the trustees did not feel they had clear support from USHE.



president to develop only one institution-level goal, and all other KPIs are established by the system and are consistent across institutions.



Florida reported that it created a unified approach to system goals, which starts at legislative level and ends with individual institutions.

Florida also reported that it created a unified approach to system goals, which starts at legislative level and ends with individual institutions. To accomplish this, the Florida Legislature tells the system what to measure, and the system sets benchmarks for the institutions. The Utah Legislature and USHE have also expressed their desire for a more unified system and should consider if implementing aspects of the Florida process would help create that unification.

RECOMMENDATION 3.1

The Office of the Commissioner of Higher Education should provide stronger guidance to boards of trustees assisting with annual presidential key performance indicator reviews. This will assist in more consistent and effective evaluations. The office should then require the board provide documentation of this process.

USHE Should Consider Conducting More Frequent In-Depth Presidential Reviews

In past years, USHE required that presidents undergo an in-depth evaluation after their first year and then subsequently every four years. However, recent changes to the presidential evaluation process removed the requirement for an



The average tenure of a university president in Utah is less than four years, meaning most presidents may never receive an in-depth evaluation.

evaluation after a president's first year. As a result, USU's last president never received an in-depth evaluation. The president who served prior to the last president would have received only one of these evaluations. Further, the average tenure of a university president is declining nationwide and is now estimated by OCHE to be less than four years in Utah. This would mean that most institution presidents in Utah may never receive an in-depth evaluation.

Although USHE can take steps to better plan for presidential turnover, outlined later in this chapter, it also needs to shorten the interval of time between in-depth



evaluations. Additionally, practices in other states show how the frequency of evaluations could better align with the average presidential tenure.³¹

USHE currently contracts with consultants to conduct in-depth evaluations. These consultants are former university presidents or industry experts and can be hired for multiple or single evaluations. In 2024, USHE paid consultants \$10,500 to evaluate three technical college presidents. In 2025, USHE spent about \$20,000 for evaluations of two technical college presidents and one university president. The cost of hiring a consultant, while high, may be less than hiring a qualified staff member to conduct all evaluations. However, using different consultants may lead to inconsistencies across evaluations.

Additionally, the required consultant search can increase the time needed to conduct an evaluation. Other state systems require their top higher education executive (in Utah this is the commissioner of higher education) to conduct presidential evaluations. For example, the University of Texas System requires its executive to annually evaluate the performance of institutional presidents. OCHE could consider if developing these evaluations internally would improve the timeliness and consistency of the evaluation process.

RECOMMENDATION 3.2

The Legislature should consider providing guidance surrounding presidential evaluations, including how frequently they should occur and who should conduct them. If the Legislature does not codify additional guidance, the Utah Board of Higher Education, in collaboration with the Office of the Commissioner of Higher Education, should increase the frequency of comprehensive presidential evaluations to better align with average presidential tenure in Utah and best practices. Doing so will provide greater insight on and support to institutional presidents.

³¹ North Carolina previously evaluated its presidents on a four-year cycle, similar to Utah's process. However, a system representative explained that North Carolina reduced the time frame to provide more frequent evaluations and support to presidents.



RECOMMENDATION 3.3

The Legislature should consider requiring that presidents undergo a comprehensive evaluation after completing their first year in the position. If this is not codified, the Office of the Commissioner of Higher Education should revise policy and practice to ensure that each president receives a comprehensive evaluation after completing their first year at an institution. This evaluative process will ensure presidents are adequately instructed and supported early in their tenure.

3.2 USHE Should Implement Performance-Based Compensation in a Timely Manner

During the trustees’ KPI review process, one past USU president stated that there was no financial incentive to meet the goals they were setting. Over the last two years, USHE should have aligned with its statutory mandate by linking a president’s pay to the KPIs used in presidential evaluations. Since 2023, *Utah Code* has directed UBHE to develop performance-based compensation and to use contracts (or another method of establishing employment) to fulfill this requirement for all presidents.³² USHE began implementing a performance-based pay process in 2026, which it anticipates will take several years to develop.



USU’s past presidents were not incentivized to meet system goals.

USHE has also set some terms of employment for institutional presidents, but these do not directly tie performance to compensation. USHE should include KPIs tied to performance-based pay in each president’s terms of employment.

Performance-Based Pay Will Encourage Presidents to Meet System and Institutional Goals

Performance-based pay is a model where some or all compensation is contingent upon demonstrated progress toward preset goals. *Utah Code* requires this pay in presidents’ terms of employment, and best practices in other states illustrate how it has been used to positively impact student success. For example:

- The State University System of Florida attributes growth in 10 student success measures to implementing performance-based pay.

³² *Utah Code* 53B-1-402(i)(iii) states that the board shall “[set] the terms of employment for an institution of higher education president, including performance-based compensation, through an employment contract or another method of establishing employment.”



- The Pennsylvania State System of Higher Education outlines in its presidential contracts that progress toward institutional goals will be used to establish a president’s annual salary.
- The University of North Carolina System ties 50 percent of an institution president’s salary to KPIs that are laid out in the president’s term sheet.

In contrast, USU’s past presidents were not incentivized to meet system goals. It’s worth noting that USU fell below the systemwide targets for two out of three USHE performance funding metrics between 2024 and 2025.

UBHE recently approved a new budget model which will begin a systemwide transition to presidential performance-based pay in FY2026. However, UBHE and OCHE have not yet connected presidential pay to KPIs or any other performance metrics. Under the newly adopted budget model, ongoing funding for annual salary increases will be given as a one-time bonus and eventually 10 percent of all president’s salaries will be contingent on the president’s performance.³³ OCHE estimates that salaries for a majority of degree-granting institution presidents will meet the 10 percent target by FY2027. Having created the budget process for presidential performance-based pay, we recommend that USHE ensure that all incentive funding is linked to performance metrics. USHE should also ensure that these metrics and the funding linked to them are clearly outlined in a president’s terms of employment.



USHE has set some terms of employment for institutional presidents, but these do not directly tie performance to compensation, as required in statute.

RECOMMENDATION 3.4

The Utah Board of Higher Education and The Office of the Commissioner of Higher Education should fully integrate its budget model for performance-based pay, setting presidential performance metrics and incorporating them into each president’s terms of employment.

³³ UBHE’s approved budget rolls all legislatively appropriated compensation and market adjustments into an incentive bonus category for presidents.



3.3 USHE Needs to Develop Robust Succession Planning

USHE is still in the process of developing a statutorily required presidential succession plan. Starting in 2023, *Utah Code* began requiring USHE to establish, “a statewide succession plan to develop potential institution presidents from within the system.”³⁴ Hiring the wrong leader has shown to be very detrimental to an institution. The financial cost of a presidential search is also great. Since 2023, OCHE spent an estimated \$665,000 on job searches for new presidents. We recommend USHE continue to prioritize succession planning to follow the statutory provisions.



OCHE should prioritize presidential succession planning to ensure strong leadership within the system.

A successful presidential development pipeline will allow the system to identify and develop promising leaders before they enter the role of president. In the absence of systemwide transition planning, USU has struggled to find a long-term leader to ensure ongoing system alignment and stability. Between 2023 and 2025, USU spent nearly \$400,000 on presidential searches. As USHE works to fill presidential vacancies and ensure that each state institution has robust leadership, we recommend that it prioritize developing a systemwide succession plan.

RECOMMENDATION 3.5

The Office of the Commissioner of Higher Education should draft and follow a written systemwide succession plan, as required in *Utah Code*, to ensure successful presidents can be identified and hired. The office should document individual persons in each institution with potential to become presidents and provide them opportunities to further refine and build skills within the system.

3.4 USHE Recently Implemented a Professional Coaching Requirement for All New Presidents

While stronger presidential support is needed in the areas previously mentioned, USHE has demonstrated support for new presidents through systematic coaching. In 2025, USHE implemented a requirement that all presidents work with a professional coach during their first year. After this initial coaching, presidents are encouraged, though not required, to work with a coach every

³⁴ *Utah Code* 53B-1-402(2)(i).



three years.³⁵ Executive coaching can build needed leadership skills and better set a president up for success.

USU's past president left the institution in the same month that this coaching requirement was written into UBHE rule and thus was not able to benefit from USHE's formal coaching. However, this report highlights areas where USU



Ongoing presidential coaching provided by OCHE can also help set presidents up for success.

leadership have not held the institution accountable, have diluted its internal audit's authority, and have heavily leaned on legal counsel for governance. Therefore, more coaching may have helped USU's presidents be more successful and lead within USHE's governance framework.

University presidents throughout the nation report an increasing need for training on a variety of leadership areas. One study conducted by the American Council of Education found that presidents are reporting a need for more training and support in budgeting and financial management, among other topics.³⁶ Still, USHE's coaching requirements demonstrate that it is taking positive steps to improve resources and supports for presidents. We are encouraged by USHE's efforts in this area and recommend USHE continue to coach presidents in the best ways to lead within its governance structure.

RECOMMENDATION 3.6

The Office of the Commissioner of Higher Education should continue to identify areas for ongoing presidential coaching and regularly provide training. This effort should be measured as successful when it helps presidents improve according to system goals.

³⁵ OCHE also provided training for presidents during an all-day retreat. The commissioner should address emerging concerns in future trainings.

³⁶ The American College President (2023). American Council on Education. <https://www.acenet.edu/Documents/American-College-President-IX-2023.pdf>.



BACKGROUND

Governance at USU has not been effective and issues were identified within Internal Audit, legal counsel, and the USU Board of Trustees. University leaders have actively weakened the position and authority of Internal Audit while also elevating Legal's position from advisor to administrator. Additionally, the board of trustees has not had the support needed to act in its full authority.

FINDING 4.1 USU Should Improve Its Governance By Increasing Support for Internal Audit

RECOMMENDATION 4.1

The USU internal audit director should establish and implement policies and formal processes for tracking and reporting audit recommendations. The director should update the status of these recommendations at least annually and submit a report to the Audit, Risk, and Compliance Committee.

RECOMMENDATION 4.2

The USU president and board of trustees should leverage the internal audit function to assess operational, financial, and reputational risks. The president should adequately staff the internal audit function to meet risk coverage demands.

RECOMMENDATION 4.3

The Legislature should consider codifying institutional internal auditor reporting relationships to ensure strong, ongoing independence. If this is not codified, the Utah Board of Higher Education (UBHE) should formalize policies and practices to strengthen internal audit independence.

RECOMMENDATION 4.4

The USU president and board of trustees should implement recommendations made by the internal audit function in a timely manner or document why the recommendation will not be implemented.

FINDING 4.2 UBHE Should Formalize Guidance of Legal Counsel's Role in USHE Institutions

RECOMMENDATION 4.5

The Legislature should consider codifying the role that institutional legal counsels perform. If this is not codified the Office of the Commissioner of Higher Education (OCHE), in collaboration with UBHE, should formalize guidance on the role institutions' legal counsel should play within the governance structure.

RECOMMENDATION 4.6

The USU president and board of trustees must structure internal governance to place Legal in its most effective and appropriate role.

FINDING 4.3 The Board of Trustees Needs Further Support

RECOMMENDATION 4.7

OCHE should research ways to support and provide adequate guidance for the USU board of trustees to ensure system alignment.



CONCLUSION

Both institutional and state level changes are needed to rebalance USU's governance. Changes should be implemented by USU leadership to better support the board of trustees and internal audit, while also ensuring that legal counsel plays an appropriate role in institutional governance moving forward.





Chapter 4

There Are Areas Where USU's Governance Is Not Operating as Intended

Utah State University's (USU) governance hasn't operated successfully for the Office of Internal Audit Services (Internal Audit), the Office of Legal Affairs, and the USU Board of Trustees. These weaknesses are in addition to shortcomings we pointed out in Chapters 1 and 2. During this audit, we observed the following weaknesses:

- University leadership has not used and, at times, has actively weakened the position and authority of Internal Audit.
- USU leadership has supported the chief legal counsel (Legal) in playing an oversized role in the institution's governance.
- The USU Board of Trustees has not acted in its full authority and needs greater support to be successful.



USU's governance structure has not been effective and has impacted internal operations and external perceptions of the institution.

The governance structure in place at USU is less effective and is negatively impacting the internal operations and external perceptions of the institution. We believe these dynamics have opened the university to greater financial, reputational, and other risks. This chapter includes recommendations for both the institutional and state levels to rebalance and support healthy institutional governance.

4.1 USU Should Improve Its Governance By Increasing Support for Internal Audit

USU leadership failed to support Internal Audit to improve controls and suppressed its ability to address major risks. Internal audit functions can provide independent and objective work to improve organizations' operations, governance, and controls. These functions are essential to protect any organization. However, internal auditors provide value only when the organization appropriately structures and supports them. In some cases, USU leadership did not use Internal Audit for monitoring and investigation. In other cases, leadership weakened the authority and impact of the office altogether. To ensure governance, financial controls, and university processes act effectively and efficiently, USU must support Internal Audit's role and authority.



USU Leadership Has Not Supported the Internal Audit Function

Had USU leadership supported Internal Audit and implemented its recommendations, we believe many issues in this report could have been identified and addressed. *Utah Code* requires higher education institutions to have an internal audit program.³⁷ Statute further requires these auditors to have full access to records and information “necessary to carry out their assigned duties.”³⁸ However, USU leadership has not supported the role of Internal Audit, to the detriment of the university. For example:

-  USU leadership did not implement some Internal Audit recommendations that could have improved financial oversight and controls. For example, in Spring 2024, Internal Audit recommended leadership establish limits for staff lodging. This audit found high, recent expenses in staff lodging, but the university did not pass policy on this until November 2025.
-  Despite numerous concerns with weak controls across USU operations and campuses, USU leadership did not appear to respond by aligning audit resources to the risk.
-  University leadership did not use Internal Audit to investigate some concerns identified within the university and instead used other internal or external resources to review and resolve issues. One external reviewer evaluated staff compliance and engaged in fact-finding interviews with USU staff. We believe these activities are common skillsets of internal auditors, and leadership should have considered the office to conduct this work.
-  USU leadership changed Internal Audit’s structure, moving reporting from the president to a vice president position. This is concerning because leadership violated Internal Audit’s chartered authority and showed a lack of support for its work. Leadership also reportedly removed internal audit from the president’s leadership council.
-  USU leadership removed internal audit from the university’s anonymous Ethics Point hotline for over three months. During this time, concerns were reported on the hotline that relate to employee financial misconduct, policy violations, hostile work conditions, and classroom misconduct. It is unclear why leadership removed audit from the hotline during this time. While the hotline administrator may have assigned some of these cases for internal audit to review, internal audit did not initially have access to 45% of all allegations in 2024. *Utah Code* grants internal audit functions full access to records, and this appears to be an attempt to limit access. Also, the president and a vice president managed at least one complaint directly, which may stifle future institutional improvement and infringe on hotline independence.

³⁷ *Utah Code* 63I-5-201(3).

³⁸ *Utah Code* 63I-5-301(3). The USU Board’s Audit, Risk, and Compliance Committee also authorizes Internal Audit to have “full and unrestricted access to all functions, data, records, information, physical property and personnel pertinent to carrying out [its] responsibilities.”



These issues show that USU leadership did not commit to continuous improvement and monitoring by supporting its internal audit function. USU leadership appeared to violate statutory and audit requirements that ensure auditors have access to records.

Utah Internal Audit Act

[An] audit committee shall: ...ensure that ...the audit director and the internal audit staff have access to all personnel and records, data, and other agency information that the audit director or staff consider necessary to carry out their assigned duties."

Source: **Utah Code 63I-5-301(3)(d)(vi)**

University leadership also infringed upon Internal Audit’s authority and sought to dilute its impact. However, we note that the board of trustees’ audit committee chair lobbied to ensure Internal Audit’s independence. Eventually, the president was involved in reinstating Internal Audit on the Ethics Point hotline. Without this proper board oversight, it is unclear whether (or how) this issue would have been resolved. USU leadership must do more to support Internal Audit’s function to improve institutional processes and controls.



USU leadership did not commit to continuous improvement and monitoring by supporting its internal audit function, thus diluting its impact.

Further Changes Could Ensure Internal Audit Effectiveness

During our review of Internal Audit’s role in improving institutional governance, we identified areas that require further action, study, and attention.

Internal Audit Must Improve Its Audit Follow-Up. USU Internal Audit has not actively followed up on its prior recommendations. Audit standards require this follow-up to ensure leaders address audit findings or accept the risks that come when they choose not to act on findings.

We asked Internal Audit for the status of its recommendations made to the university but found the office has not been providing timely follow-up on prior audits to track recommendations or encourage their implementation. This lack of action may have contributed to USU leadership and the board of trustees not reviewing, prioritizing, and addressing prior recommendations. While university leadership can improve its support of Internal Audit, the office must do more to signal to the university the importance of its work.



RECOMMENDATION 4.1

The Utah State University internal audit director should establish and implement policies and formal processes for tracking and reporting audit recommendations. The director should update the status of these recommendations at least annually and submit a report to the Audit, Risk, and Compliance Committee. This should provide Utah State University leadership and the board of trustees the information necessary to exercise oversight and ensure audit recommendations are implemented in a timely manner.

The Utah Board of Higher Education (UBHE) Should Reevaluate Internal Audit’s Reporting Structure. *Utah Code* requires an institution’s internal audit office to operate “under the direction of the Utah Board of Higher Education,” and there is an opportunity for the state board to better support this requirement. The Office of the Commissioner of Higher Education (OCHE) has been annually hosting each institution’s audit committee chair and board of trustees’ chair to discuss engagements their auditors completed during the year. However, the findings of this report demonstrate how institutional leaders can weaken internal



The Utah Board of Higher Education and Office of the Commissioner should intervene on matters where auditor independence is impacted.

audit effectiveness and negatively impact the university. Therefore, direct and sustained interaction between internal auditors and the state board is important. The Legislature charged UBHE and OCHE with presidential oversight and fostering a successful higher education system and we believe UBHE and OCHE, at the very least, should be involved when issues are identified that impact auditor independence.

We recommend that the USU president support Internal Audit’s efforts to address control weaknesses, access pertinent document, review hotline reports, and report any issues to the board of trustees and president. University leadership should also promptly implement all outstanding internal audit recommendations.



RECOMMENDATION 4.2

The Utah State University President and Board of Trustees should leverage the internal audit function to assess operational, financial, and reputational risks. The president should adequately staff the internal audit function to meet risk coverage demands. This should ensure major risks to the university are appropriately understood and mitigated according to the risk tolerance levels of the president and board.

RECOMMENDATION 4.3

The Legislature should consider codifying institutional internal auditor reporting relationships within the Utah System of Higher Education to ensure strong, ongoing independence. If this is not codified, the Utah Board of Higher Education should formalize policies and practices to strengthen internal audit independence. Doing so will ensure institutions and the system are free to address the greatest risks and continue to improve its governance and controls.

RECOMMENDATION 4.4

The Utah State University President and Board of Trustees should implement recommendations made by the internal audit function in a timely manner or document why the recommendation will not be implemented. Ultimately, this should lead to controls operating as intended and risks being managed through appropriate mitigation and documentation strategies.

4.2 UBHE Should Formalize Guidance of Legal Counsel's Role in USHE Institutions

We question USU leadership's decision to elevate the university's chief legal counsel position (Legal) from advisor to administrator. USU leaders empowered Legal by giving the position operational responsibilities while also frequently deferring to Legal for advice. We did not document or observe misconduct from the legal team. Nor did we observe Legal acting outside the course and scope of work assigned by administration. What we did document and observe was a misaligned governance structure. Legal was asked by institution leadership to have a bigger role in decisions across the organization. There are legal standards that outline the



USU presidents have blurred lines by elevating Legal to provide a larger role in institutional governance.



roles of *counsel* and *client*. However, USU presidents have blurred these roles. As a result of these blurred roles, we believe leadership has brought more risk to the institution by shifting institutional governance and roles.

Expanding the Scope of Legal’s Role Can Cause Governance Concerns

In our review of documentation and historical practice, we found that the most effective role for an organization’s legal counsel is to advise executives and governing boards. We recognize that legal counsel plays an important role in advising organizations. In fact, the Utah Code of Judicial Administration (UCJA) rules outline that a lawyer may advise on other considerations beyond legal issues, for example:³⁹

UCJA Rule 13-2.1

“In representing a client, a lawyer shall exercise independent professional judgment and render candid advice. In rendering advice, a lawyer may refer not only to law but to other considerations such as moral, economic, social and political factors, that may be relevant to the client’s situation.”

However, the American Bar Association (ABA) also reinforces an important distinction between client and counsel including the following:

American Bar Association Preamble

“As advisor, a lawyer provides a client with an informed understanding of the client’s legal rights and obligations and explains their practical implications.”

ABA rules emphasize that a lawyer’s responsibility is to inform, explain, and render independent professional judgment. Legal counsel fulfills this advisory function by providing clear legal insight, identifying potential risks, and helping leaders understand the implications of various courses of action. We have seen that the most effective legal counsels do more than just identify risk; they can also prioritize risk to help leadership most effectively direct an organization to success.



We have observed instances where USU presidents encouraged Legal to provide both client and counsel related tasks.

There is nothing inherently wrong with legal counsel having an administrative role. However, we found that concern was created when presidents gave legal counsel operational responsibilities. We have found that clear governance is essential to effective leadership and public

trust.

³⁹ This guidance is also formalized in the American Bar Association Rule 2.1.



USU Leadership Has Encouraged and Authorized Legal's Major Role in Institutional Governance

Utah Code authorizes legal counsel to advise institutional leadership and coordinate legal affairs. The ABA's standards also outline the advisory role legal counsel plays as it relates to the client. Generally, legal counsel's responsibility is to provide legal advice and respect the role and decision of the client.

However, some USU presidents created questions in the university's governance structure by elevating its legal counsel position to play a substantial role as an administrator in the president's cabinet.

We understand that legal counsel can play an important role in organizations and is often brought in to consult on a variety of topics. However, we received many concerns from individuals, both within and outside of USU, who expressed concerns with Legal's oversized role in the institution.

A former USU president explained that they elevated Legal to a vice president position to bring Legal's voice "to the table." A later president elevated the position again to the senior vice president level. As a result, Legal participated in *client*-related tasks at the direction of the president, in addition to providing legal *counsel*. These tasks include:

- **Providing Governance.** Blurred lines of legal's role resulted in governance questions and concerns. We have found that strong governance involves well-defined roles and clear decision making, which results in improved outcomes.
- **Advising on Strategy.** The President used Legal to advise on university restructures, initiatives, and stakeholder relations.
- **Providing Human Resources Work.** Legal negotiated salaries, issued job offers, and advised on job titles.
- **Coordinating Event Planning.** Legal coordinated processes and design details for presidential investiture and commencement events.
- **Representing President and Board.** We documented several concerns with Legal's representation of both the president and the board.

In conclusion, we did not document or observe misconduct from the legal team. Specifically, we did not document or observe Legal acting in its own self-interest or acting outside the scope of work that was assigned by the president. However, we observed misalignment in the governance structures related to how governance lines were applied.



USHE Should Clarify Legal’s Role Within Institutions

Effective leaders should seek legal advice before making decisions that have legal implications. However, a legal counsel’s perspective on organizational risks is one of many factors leaders must consider and prioritize. Therefore, leaders must reflect the desired balance for governance in the structure, practice, and decision-making of the organization.

For example, the Office of the Legislative Auditor General’s (OLAG) *LEA Best Practice Handbook for Student Achievement in Public Education* states that leadership functions best when a clear framework is established, roles are distinct, and responsibilities are focused on core areas. Neither USU board bylaws nor USHE policy specifies how Legal should integrate into governance.

We believe USU governance has become less effective and clarity is needed. When organizational roles are not defined, there is a risk that governance may be undermined and may not function optimally or as intended. We recommend OCHE provide guidance on the role an institution’s legal counsel should play within the governance structure. Once systemwide guidance is provided, the USU President and Board of Trustees must structure internal governance to maintain Legal in its desired role.



Legal counsel can play an important role in organizations. However, a better definition is needed on the role they should play in institutional governance.

RECOMMENDATION 4.5

The Legislature should consider codifying the role that institutional legal counsels perform. If this is not codified, the Office of the Commissioner of Higher Education, in collaboration with the Utah Board of Higher Education, should formalize guidance on the role institution’s legal counsel should play within the governance structure.

RECOMMENDATION 4.6

The Utah State University President and Board of Trustees must structure internal governance to place Legal in its most effective and appropriate role.



4.3 The Board of Trustees Needs Further Support

In recent years, the Legislature strengthened university presidents’ authority and made other changes that impact university boards of trustees.⁴⁰ Statute also allows UBHE to delegate authority to the trustees which it has increasingly done over the last few years.^{41,42} However, we observed instances where USU’s board has not acted in its full authority, or its members have expressed difficulty in providing some oversight. One reason for this is that UBHE gave boards of trustees more authority but did not provide needed supports to help them be successful. We recommend OCHE explore areas where it can provide more support to boards of trustees.



USU’s board of trustees has not always acted on its authority and the board needs additional support.

Opportunities to Strengthen Board Independence Should Be Explored

USU’s board has historically relied on university staff (at times vice-president-level administration) to provide information, assist in drafting policy, and update the board on institutional initiatives. However, one trustee reported repeatedly asking USU staff to write policies, but the staff showed no urgency to do so.⁴³



We surveyed all institutional boards of trustees and found confusion over roles and where to look for guidance.

OLAG conducted a survey of all institutional boards of trustees during this audit. Survey results indicated that boards of trustees generally are mixed in knowing whom to contact at USHE and OCHE for concerns. These results indicate a need to define the role of OCHE staff as it relates to boards of trustees.

⁴⁰ The Legislature’s efforts to strengthen presidential authority was addressed in *A Performance Audit of the Utah System of Higher Education* (Report #2024-22).

⁴¹ *Utah Code* 53B-1-402(2)(m).

⁴² One UBHE board member told us that because the Legislature reduced the size of the state-level volunteer board, it does not have capacity to fulfill its new responsibilities.

⁴³ This board member was concerned that Legal has provided ongoing advice and support to the president while also influencing the agenda for the board’s committees.



We also found that institutional trustees are not provided with concise, salient information. The USU board has been asked to act on voluminous agenda items that may be taking away from some oversight responsibilities.⁴⁴ We observed instances where the board could have provided stronger policy over finances but didn't, leading to several financial control weaknesses and attitudinal differences toward spending, as reported in Chapter 1. One contributing factor for insufficient oversight is the length of the board's agenda packets. These packets are excessively long, at times reaching 500 pages or more for a single meeting. Board members stated that getting the right information is their greatest challenge. We believe this volume of information makes it difficult for USU trustees to identify gaps in policies or provide strong oversight.



USU's board has also found it difficult to get needed information, which suggests more support is needed.

These examples from USU and the trustee survey have led us to conclude that all USHE boards of trustees need greater support. We found models for support at both the institutional (current model) and state levels. For example, Oregon's University Staff Office has a dedicated role that supports the institution's board and acts as a liaison between institutional staff and trustees. UBHE and OCHE could provide dedicated staff support to trustee boards. This structure of dedicated, impartial staff for each board of trustees is similar to the structure used by the Utah Legislature to staff committees. Legislative staff help the committee chairs set the agenda and inform and support their committees.

We recommend OCHE determine the level of support that is needed to adequately support boards of trustees and work with the Legislature to establish policy and resources. We also recommend OCHE provide adequate support or guidance for USU's board of trustees moving forward.

RECOMMENDATION 4.7

The Commissioner of Higher Education should review the level of support that is needed to adequately support boards of trustees and work with the Legislature to determine policy and resources.

⁴⁴ During board meetings, members are asked to review and approve all items in the packet with a single vote.



Complete List of Audit Recommendations





Complete List of Audit Recommendations

This report made the following twenty six recommendations. The numbering convention assigned to each recommendation consists of its chapter followed by a period and recommendation number within that chapter.

Recommendation 1.1

The Utah State University president, in collaboration with the board of trustees, should establish a formal accountability system for university purchases. These bodies should then require and review reports on violations of policy to strengthen oversight, accountability, and compliance with university financial policy.

Recommendation 1.2

The Utah State University Board of Trustees should periodically survey university financial officers to determine the president's and employees' compliance with university spending policy. The board should monitor these reports and include findings in the annual key performance indicator evaluation of the president. This will facilitate greater oversight and accountability throughout the university.

Recommendation 1.3

The Utah State University president, in collaboration with the board of trustees, should strengthen operational controls, systems, and tools to more proactively address institutional risks rather than merely responding to issues as they occur.

Recommendation 1.4

The Utah State University Board of Trustees, in collaboration with the president, should review spending activities, policies, and controls. The board should then formalize policy in areas where weaknesses exist and where more guidance is needed. This will ensure the university is responsive with policy and controls in areas where further improvements are needed.

Recommendation 1.5

The Utah State University president should ensure employees receive financial trainings for all personnel with purchasing authority for the purpose of strengthening awareness of and compliance with university financial policy.

Recommendation 1.6

The Utah State University president should improve leadership involvement, oversight, and communication with Utah State University's statewide campuses. The president should regularly survey these campuses to determine where further improvements are needed. This will assist management in their effort to strengthen policy compliance and improve culture.

Recommendation 1.7

The Utah State University president should continue to create a more uniform human resources system by addressing inequitable work structures and pay scales.

Recommendation 2.1

Utah State University should commit to a timeline for implementing an improved budget model that meaningfully ties resources to enrollments and teaching loads.

Recommendation 2.2

Utah State University should include student outcome metrics in its improved budget model to maintain instructional rigor.

Recommendation 2.3

As Utah State University leadership develops its new budget model, they should incorporate incentives for faculty to accomplish both the research and teaching missions of the institution.

Recommendation 2.4

Utah State University should specify in role statements that department chairs are responsible for overseeing the student employment outcomes and workforce alignment efforts of their departments. This includes implementing feedback from alumni and employers to improve department performance.

Recommendation 2.5

Utah State University should develop effective supports for department chairs to oversee the workforce development activities of their departments. This includes tracking alumni outcomes, soliciting feedback from alumni and employers, providing training, and creating incentives for departments to improve post-graduation employment and education outcomes for students.

Recommendation 2.6

Utah State University should develop and implement a plan to increase the number of faculty in each department whose role statements indicate they are responsible for improving student employment outcomes and workforce alignment.

Recommendation 3.1

The Office of the Commissioner of Higher Education should provide stronger guidance to boards of trustees assisting with annual presidential key performance indicator reviews. This will assist in more consistent and effective evaluations. The office should then require the board provide documentation of this process.

Recommendation 3.2

The Legislature should consider providing guidance surrounding presidential evaluations, including how frequently they should occur and who should conduct them. If the Legislature does not codify additional guidance, the Utah Board of Higher Education, in collaboration with the Office of the Commissioner of Higher Education, should increase the frequency of comprehensive presidential evaluations to better align with average presidential tenure in Utah and best practices. Doing so will provide greater insight on and support to institutional presidents.

Recommendation 3.3

The Legislature should consider requiring that presidents undergo a comprehensive evaluation after completing their first year in the position. If this is not codified, the Office of the Commissioner of Higher Education should revise policy and practice to ensure that each president receives a comprehensive evaluation after completing their first year at an institution. This evaluative process will ensure presidents are adequately instructed and supported early in their tenure.



Recommendation 3.4

The Utah Board of Higher Education and The Office of the Commissioner of Higher Education should fully integrate its budget model for performance-based pay, setting presidential performance metrics and incorporating them into each president's terms of employment.

Recommendation 3.5

The Office of the Commissioner of Higher Education should draft and follow a written systemwide succession plan, as required in *Utah Code*, to ensure successful presidents can be identified and hired. The office should document individual persons in each institution with potential to become presidents and provide them opportunities to further refine and build skills within the system.

Recommendation 3.6

The Office of the Commissioner of Higher Education should continue to identify areas for ongoing presidential coaching and regularly provide training. This effort should be measured as successful when it helps presidents improve according to system goals.

Recommendation 4.1

The Utah State University internal audit director should establish and implement policies and formal processes for tracking and reporting audit recommendations. The director should update the status of these recommendations at least annually and submit a report to the Audit, Risk, and Compliance Committee. This should provide Utah State University leadership and the board of trustees the information necessary to exercise oversight and ensure audit recommendations are implemented in a timely manner.

Recommendation 4.2

The Utah State University President and Board of Trustees should leverage the internal audit function to assess operational, financial, and reputational risks. The president should adequately staff the internal audit function to meet risk coverage demands. This should ensure major risks to the university are appropriately understood and mitigated according to the risk tolerance levels of the president and board.

Recommendation 4.3

The Legislature should consider codifying institutional internal auditor reporting relationships within the Utah System of Higher Education to ensure strong, ongoing independence. If this is not codified, the Utah Board of Higher Education should formalize policies and practices to strengthen internal audit independence. Doing so will ensure institutions and the system are free to address the greatest risks and continue to improve its governance and controls.

Recommendation 4.4

The Utah State University President and Board of Trustees should implement recommendations made by the internal audit function in a timely manner or document why the recommendation will not be implemented. Ultimately, this should lead to controls operating as intended and risks being managed through appropriate mitigation and documentation strategies.

Recommendation 4.5

The Legislature should consider codifying the role that institutional legal counsels perform. If this is not codified, the Office of the Commissioner of Higher Education, in collaboration with

the Utah Board of Higher Education, should formalize guidance on the role institution's legal counsel should play within the governance structure.

Recommendation 4.6

The Utah State University President and Board of Trustees must structure internal governance to place Legal in its most effective and appropriate role.

Recommendation 4.7

The Commissioner of Higher Education should review the level of support that is needed to adequately support boards of trustees and work with the Legislature to determine policy and resources.



Appendix



A. Summary of USU Leadership Expenditures



This appendix includes a table of highlighted expenditures from USU leadership. This was not a full accounting or full review but includes a list of expenditure identified, either before this audit by other parties, or during this audit's work. Much of USU Internal Audit's work is also represented in this data. The table below contains items that were purchased, their verified cost, and comments worth noting.

SUMMARY OF USU LEADERSHIP EXPENDITURES		
ITEM	VERIFIED COSTS	INFORMATION
VEHICLES		
Toyota Highlander	\$42,969	Per USHE policy, institutional presidents may receive a vehicle allowance. USU purchased three vehicles.
Chevy Suburban	\$74,165	Per USHE policy, institutional presidents may receive a vehicle allowance. USU purchased three vehicles.
Golf Cart	\$29,200	Per USHE policy, institutional presidents may receive a vehicle allowance. USU purchased three vehicles.
<i>Total Vehicle Expenses</i>	\$146,334	
TRAVEL		
Harvard Trip 2024 - Massachusetts	\$11,448	No additional information collected
Washington DC Trips	\$16,411	No additional information collected
2023-24 Conference A Registration Fees	\$1,799	No additional information collected
2023-24 Conference B Registration Fees	\$3,102	No additional information collected
NYC Hotel Costs	\$13,637	Hotel costs were significantly higher for some USU leaders when compared to other USU personnel on the same trip who stayed at different hotels.
Arizona Trip	\$1,049	No additional information collected

Ireland Trip	\$12,791	No additional information collected
Canceled Hotel Room	\$202	No additional information collected
Administrative Leadership Retreat May 2024	\$44,055	No additional information collected
SLC Short Term Apartment Rental for the 2025 Legislative Session	\$5,531	No additional information collected
<i>Total Travel Expenses</i>	\$110,025	
PRESIDENT'S OFFICE REMODEL		
Office Remodel Furniture	\$184,433	The renovation costs significantly increased when compared to the original plan of basic upgrades.
Mirror	\$430	The renovation costs significantly increased when compared to the original plan of basic upgrades.
Bidet Toilet	\$751	The renovation costs significantly increased when compared to the original plan of basic upgrades.
<i>Total Office Remodel*</i>	\$288,550	The original plan for the office remodel started at \$10,000 but grew significantly and totaled nearly \$300,000.
PRESIDENT'S RESIDENCE UPGRADES		
<i>Total President's Residence Upgrades</i>	\$104,785	No additional information collected
NOTABLE VENDOR COSTS		
Vendor A	\$12,073,016	The university did not go through the required procurement process with this vendor. 43% of purchases were considered after-the-fact.
Vendor B	\$102,539	The university did not go through the required procurement process with this vendor and exceeded original costs by \$70,000.
Vendor C	\$233,294	This vendor had previous ties to USU university leadership. In some cases, the university did not go through the required procurement (cont.)

		process with the vendor and ignored instructions from Purchasing and Contract Services.
Vendor D	\$171,537	19% of all purchases were considered after-the-fact.
<i>Total Notable Vendor Costs†</i>	\$12,580,386	
TOTAL COST OF INDIVIDUAL EXPENDITURES	\$13,230,080	
TOTAL AFTER THE FACT PURCHASE COSTS BY USU DEPARTMENTS		
USU Department A - Emergency (After-the-Fact) Expenditures 2023-2025	\$835,030	Nearly \$1,000,000 of purchases did not go through the required procurement process. These expenses relate to fundraising campaigns, university events, software, and merchandise.
USU Department B - Emergency (After-the-Fact) Expenditures 2024-2025	\$100,589	Over \$100,000 of purchases did not go through the required procurement process. These expenses relate to university operations, leadership events, travel, office equipment, and ceremonial items.
TOTAL COST OF AFTER THE FACT PURCHASES BY DEPARTMENT	\$935,619	

**Total cost includes additional expenses not included within the table.*

†Total cost reflects a sample of vendor transactions.

Summary of USU Internal Audit Work

While verifying USU Internal Audit’s recent work on reviewing purchase card, travel, and open purchase order expenses was not within our audit scope, we acknowledge the importance of this work.

USU Internal Audit’s purchase card review included expenses related to meals and entertainment, gifts and awards, charitable donations, travel expenses and a leadership retreat. USU Internal Audit identified \$30,000 of noncompliant purchases.

For open purchase orders, USU Internal Audit reviewed a sample of orders greater than \$25,000 and found several instances where required procurement procedures were not followed.



B. Summary of USU Culture Survey Responses



Survey Invitations - 11,858
 Number of Responses - 2,571
 Response Rate - 22%

How likely are you to recommend your organization to someone seeking employment? (0 being would not recommend and 10 being would strongly recommend)



7.1

Communication | Job Satisfaction and Morale

Clear reporting structures are established within my college.	7%	13%	54%	25%
Communication across colleges, departments, and administration is effective.	16%	35%	40%	9%
Decision making by my operating unit's leadership is transparent.	9%	22%	45%	25%
Decision making by senior leadership is transparent.	18%	32%	35%	14%
I receive clear and timely information about changes being made within my operating unit.	8%	20%	48%	23%
In the past year, have you actively searched for other employment opportunities?	58%			42%
My colleagues value my contributions to extension work.	6%	10%	38%	45%
My colleagues value my contributions to research/scholarship.	11%	42%	43%	
My colleagues value my contributions to student employment outcomes.	9%	43%	46%	
My colleagues value my contributions to teaching.	6%	38%	54%	
My work clearly ties to the goals of my organization.		44%	50%	
Over the past year, employee morale has improved in my organization.	19%	38%	34%	8%
Overall, institutional strategies and goals are shared with staff.	8%	20%	50%	21%
The budgeting process at the university is transparent.	31%	38%	24%	6%
There is a clear and accessible process for reporting concerns.	15%	54%	26%	
There is a clear and accessible process for sharing new ideas.	9%	27%	45%	19%

Legend

No		Yes	
Strongly Disagree	Disagree	Agree	Strongly Agree

Leadership Other	Hiring, compensation, raises, and promotion decisions are based on clear, transparent criteria.	18%	30%	39%	13%
	Middle management decisions clearly align with the organization's strategic plan and mission.	13%	59%	24%	
	Middle management effectively hires employees who have the necessary skills and experience.	13%	59%	23%	
	My department's performance towards key metrics influences the resources it receives.	17%	27%	44%	13%
	My direct supervisor possesses the necessary management skills to effectively lead my operating unit.	8%	10%	33%	50%
	My direct supervisor possesses the necessary understanding of my operating unit.	6%	8%	33%	53%
	My organization is driven by goals.	14%	54%	28%	
	My organization is driven by performance measures.	18%	56%	22%	
	Senior leaders are held accountable for inappropriate conduct.	12%	24%	49%	15%
	Senior leadership actively promotes and supports innovation.	7%	18%	51%	24%
	Senior leadership consistently models ethical and professional behavior.	9%	17%	49%	25%
	Senior leadership decisions clearly align with the organization's strategic plan and mission.	7%	18%	53%	21%
	Senior leadership has the skillset required to make decisions that improve the institution.	8%	13%	54%	25%
	Senior leadership is a good steward of university resources.	11%	20%	47%	22%
	Senior leadership makes important decisions within a reasonable timeframe.	11%	20%	50%	19%
	The budget process is driven by objective metrics that are aligned with the university's mission.	25%	35%	32%	8%
	The goals and objectives of this institution are consistent with its mission and values.	13%	54%	28%	

Legend



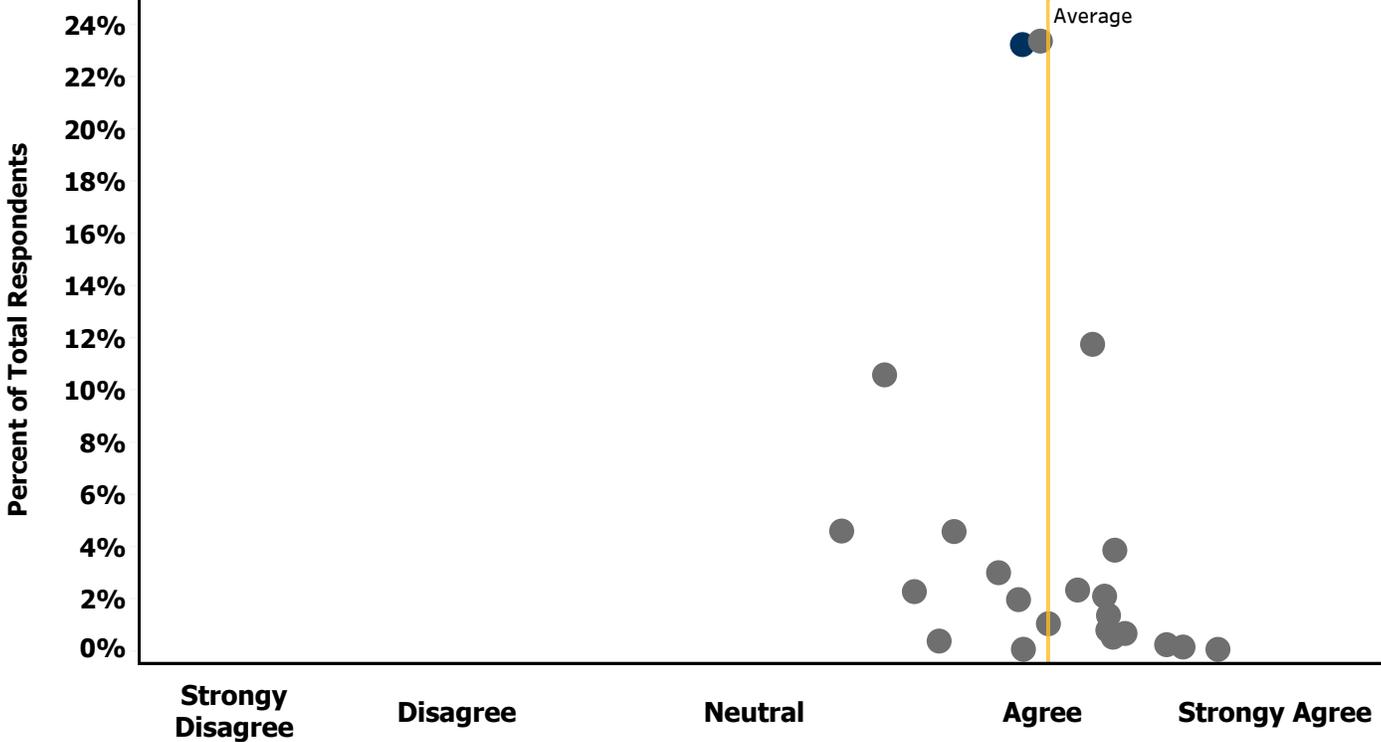
Professional Development | Professional Behavior

Do you receive a formal performance evaluation annually?	20%	80%			
Faculty are held accountable for inappropriate conduct.	8%	19%	55%	18%	
I am primarily evaluated based on my contributions to extension work.	47%		28%	13%	12%
I am primarily evaluated based on my contributions to research.	21%	29%	30%	20%	
I am primarily evaluated based on my contributions to teaching.	6%	25%	35%	34%	
I am provided with sufficient opportunities to innovate within my organization.	5%	13%	44%	37%	
I find the feedback I receive in my performance evaluation to be valuable.		12%	49%	34%	
I receive feedback from my supervisor on a regular basis to help improve my job performance.		12%	47%	37%	
My chair/director/dean helps me to obtain the resources that I need to deliver high quality student employment outcomes.		21%	46%	28%	
My chair/director/dean helps me to obtain the resources that I need to deliver high quality student instruction.		12%	49%	33%	
My chair/director/dean helps me to obtain the resources that I need to produce high quality research.	5%	17%	48%	30%	
My chair/director/dean helps me to obtain the resources that I need to provide impactful extension work.	7%	20%	43%	30%	
Staff are held accountable for inappropriate conduct.		11%	60%	24%	
Unnecessary bureaucratic tasks (red tape) get in the way of doing my job.	9%	40%	35%	16%	
When concerns are reported, they are resolved fairly and effectively.	8%	22%	56%	14%	

Legend

No		Yes	
Strongly Disagree	Disagree	Agree	Strongly Agree

Overall Survey Score





Agency Response Plan



January 23, 2026

Kade R. Minchey, Auditor General, CIA, CFE
And the Utah State Legislature
W315 Utah State Capitol Complex
Salt Lake City, UT 84114

Dear Mr. Minchey and Members of the Utah Legislature,

On behalf of Utah State University's Board of Trustees and senior leadership, we thank the Office of the Legislative Auditor General for its thorough and thoughtful review of and opportunity to respond to the *Performance Audit of Utah State University's Governance, Leadership, and Culture (Report No. 2026-02)*. We appreciate the professionalism of the audit team and their partnership with us.

We have carefully reviewed the report in full and recognize the consistency of its core message: that strong policies alone are insufficient without clear leadership expectations, consistent oversight, and a culture that reinforces accountability at every level of the institution. The themes identified in this audit align with our own assessment that improvements in governance, financial transparency and oversight, and institutional culture must move forward together to better serve students statewide and fulfill our land-grant mission.

The audit highlights several priority themes that we acknowledge and accept:

First, the need for a stronger, more visible tone of accountability from leadership. The report makes clear that inconsistent modeling and enforcement of policy has negatively impacted institutional controls and eroded trust. We agree that accountability must be applied uniformly and reinforced through leadership behavior, oversight structures, and follow-through.

Second, the importance of strengthening board oversight of financial resources and executive decision-making. The audit identifies gaps in budget monitoring, discretionary spending oversight, and policy enforcement. During the audit, the board approved enhanced budget oversight processes and travel policies, as well as implemented new policies for presidential spending to ensure transparency and accountability. We will continue to make progress in this area to respond to audit recommendations.

Third, the need to move from policy existence to policy execution. The audit appropriately emphasizes that compliance failures were often rooted in inconsistent training, documentation, and monitoring rather than the absence of rules. To address this, the university will focus on the systems that help manage processes, increase our training efforts, and ensure we are taking steps to evaluate and strengthen our audit program, including reviewing audit coverage, risk assessment and escalation, and remediation practices. We are also assessing resourcing, independence, and quality assurance processes to ensure alignment with stakeholder expectations and industry best practices.

Fourth, the connection between culture, communication, and compliance. The audit underscores that compliance is ultimately experienced through leadership actions, not just policy language. We acknowledge this and are committed to setting clearer expectations, modeling compliance at the leadership level, and ensuring that concerns are addressed promptly and consistently. Our goal is to create an environment where stakeholders and employees understand the rules, see them applied evenly, and have confidence that issues will be handled appropriately.

Finally, we recognize the audit's acknowledgment of recent progress. The report notes the university's cooperation throughout the audit process and the board's recent actions to update policies, strengthen controls, and increase oversight. These steps represent the beginning, not the end of our work.

The university will continue to use this audit as a roadmap for sustained and continued improvement. Our focus is not only on correcting past deficiencies, but on building solid systems of governance, oversight, and leadership accountability that protect public resources, support our statewide mission, and restore confidence in institutional decision-making. We agree with all audit recommendations and include responses to the recommendations in the attached document and welcome feedback. We also expect that each of our action plans will continue to evolve and mature as they are implemented fully.

We appreciate the Utah Legislature's oversight and support and look forward to continued partnership. We remain committed to transparency, continued engagement, and measurable progress.

Sincerely,



Brad L. Mortensen
President
Utah State University



Tessa White
Chair of the Board of Trustees
Utah State University

Chapter 1

Recommendation 1.1: The Utah State University president, in collaboration with the board of trustees, should establish a formal accountability system for university purchases. These bodies should then require and review reports on violations of policy to strengthen oversight, accountability, and compliance with university financial policy.

- **Department Response:** Utah State University concurs with this recommendation.
- **What:** USU will establish a formal accountability system for university purchases.
- **How:** In addition to reviewing systems mentioned at SUU and the U of U, similar systems at other universities will be reviewed to establish best practices. Reports will then be developed for regular review by the president and board of trustees to strengthen oversight, accountability, and compliance with university financial policy.
- **When:** The accountability system and accompanying reports will be developed by June 30, 2026.
- **Contact:** USU Vice President for Finance and Administrative Services

Recommendation 1.2: The Utah State University Board of Trustees should periodically survey university financial officers to determine the president's and employees' compliance with university spending policy. The board should monitor these reports and include findings in the annual key performance indicator evaluation of the president. This will facilitate greater oversight and accountability throughout the university.

- **Department Response:** Utah State University concurs with the intent of this recommendation and will implement it with an adjusted approach in close coordination with the USU Board of Trustees Audit, Risk, and Compliance Committee.
- **What:** Internal audits are conducted regarding financial processes such as travel, purchasing –cards (p-card), and other expenses. However, we recognize opportunities to strengthen our processes to more intentionally gather deeper levels of information from our employees. Rather than creating a new process, we will incorporate this recommendation into our existing audits.
- **How:** Each year, Internal Audit Services will enhance their audits of financial compliance with probing questions to financial officers and business managers, which will be incorporated and communicated through the audit reporting process to the president and the board of trustees for review and follow up.
- **When:** Effective immediately.
- **Contact:** USU Internal Audit Services

Recommendation 1.3: The Utah State University president, in collaboration with the board of trustees, should strengthen operational controls, systems, and tools to more proactively address institutional risks rather than merely responding to issues as they occur.

- **Department Response:** Utah State University concurs with this recommendation.
- **What:** Implement a more coordinated, proactive institutional risk management framework that strengthens controls, clarifies roles, and improves visibility into key operational, financial, compliance, and reputational risks.
- **How:** In 2025, USU initiated a comprehensive review and system redesign to strengthen internal controls, improve compliance, and mitigate risk within travel and p-card

processes. As these efforts advanced from redesign into implementation, the university expanded the same deep review and control-focused approach to procurement processes within the requisition and purchase order system. Additional administrative processes will be evaluated and redesigned over time using this framework. This work enhances the ability of the president and the board of trustees to exercise proactive oversight of institutional risks. USU's Risk Management is evaluating the addition of a governance, risk, and compliance module within the existing Origami Risk platform utilized by the institution to further support enterprise risk oversight. Findings, risk assessments, and remediation progress will be reported to the audit, risk, and compliance committee of the board of trustees at least quarterly.

- **When:** Initial framework will be implemented during spring 2026, with phased enhancements to systems, reporting, and training over the following year.
- **Contact:** President

Recommendation 1.4: The Utah State University Board of Trustees, in collaboration with the president, should review spending activities, policies, and controls. The board should then formalize policy in areas where weaknesses exist and where more guidance is needed. This will ensure that the university is responsive with policy and controls in areas where further improvements are needed.

- **Department Response:** Utah State University concurs with this recommendation.
- **What:** The board of trustees, in collaboration with the president, will review existing spending policies, activities, and internal controls to assess effectiveness, consistency, and alignment with current operations.
- **How:** USU spending policies were updated and strengthened, and a new policy was developed on general expenditures that included specific guidance and processes related to presidential expenditures. These policies were approved by the board of trustees in November 2025, and reports are flowing to the trustees as designed to increase monitoring and transparency. The board of trustees, in collaboration with the president, will continue to review spending activities, policies, and controls where weakness is identified and guidance is needed.
- **When:** The review has been incorporated into the board's regular oversight and audit cycle beginning in 2026.
- **Contact:** Chair of the board of trustees and president

Recommendation 1.5: The Utah State University president should ensure employees receive financial trainings for all personnel with purchasing authority for the purpose of strengthening awareness of and compliance with university financial policy.

- **Department Response:** Utah State University concurs with this recommendation.
- **What:** Formal procurement training is currently being developed and will be added to the list of annual training courses that employees are required to receive based on their university roles and responsibilities.
- **How:** The new training will be available in USU's Learn Blue training system and will be required for all benefitted employees. USU uses the first three months of each new

fiscal year as the window for all required annual training courses to be completed and monitors compliance with this requirement.

- **When:** July 1, 2026
- **Contact:** USU Vice President for Finance and Administrative Services

Recommendation 1.6: The Utah State University president should improve leadership involvement, oversight, and communication with Utah State University’s statewide campuses. The president should regularly survey these campuses to determine where further improvements are needed. This will assist management in their effort to strengthen policy compliance and improve culture.

- **Department Response:** Utah State University concurs with this recommendation.
- **What:** Improve communication, leadership engagement, and demonstrated institutional support for statewide campuses.
- **How:** The university is conducting a review of the statewide budget model in coordination with the broader institutional budget model to ensure alignment, transparency, and consistency. A university-wide employee survey, inclusive of statewide campuses, was administered during the first week of the new presidency and identified similar communication gaps with statewide campuses. University leadership completed a structured tour of statewide campuses during the third week of January, including town halls at each location. Leadership visits to statewide campuses will occur at least annually, with additional campus and extension site visits being scheduled throughout 2026.

To support continuous improvement, the university will administer check-in surveys at least once per semester to monitor communication, engagement, and emerging concerns across all campus locations. Survey results will be reviewed by university leadership and used to inform improvements as needed. The university is also reviewing tuition structures, recruitment and enrollment strategies, and communication practices related to statewide campuses and has begun implementing differentiated communication strategies informed by feedback received during campus visits.

- **When:** Ongoing.
- **Contact:** President

Recommendation 1.7: The Utah State University president should continue to create a more uniform human resources system by addressing inequitable work structures and pay scales.

- **Department Response:** Utah State University concurs with this recommendation.
- **What:** Establish a consistent, institution-wide process for reviewing job roles, classifications, and pay scales.
- **How:** The university is conducting a comprehensive job architecture review to evaluate roles, levels, and compensation across the institution. The USU College of Arts & Sciences is serving as the initial implementation unit, and outcomes will be used to inform broader institutional rollout. The university is also evaluating options for a centralized job description tracking system to ensure consistency. Salaries will be reviewed annually for alignment and compression, and a multi-year plan to address identified disparities will be developed by July 1, 2026.

- **When:** Ongoing. To be completed by December 2026.
- **Contact:** President

Chapter 2

Recommendation 2.1: Utah State University should commit to a timeline for implementing an improved budget model that meaningfully ties resources to enrollments and teaching loads.

- **Department Response:** Utah State University concurs with this recommendation.
- **What:** USU will implement an improved budget model.
- **How:** USU recently concluded an engagement with experts to develop best-practice elements of a higher education budget model designed to drive resources to strategic, mission-based institutional priorities. Additional customization and refinement by USU leaders are now needed and will be concluded in time to implement a parallel budget model beginning with FY27, with the expectation that the new model will be fully utilized beginning with FY28.
- **When:** July 1, 2026.
- **Contact:** USU Vice President for Finance and Administrative Services

Recommendation 2.2: Utah State University should include student outcomes metrics in its improved budget model to maintain instructional rigor.

- **Department Response:** Utah State University concurs with this recommendation.
- **What:** Student outcomes will be included in the new budget model.
- **How:** As noted in Recommendation 1.6, USU is entering the final stages of customization and refinement of the new budget model. With measures of student credit hours and research activity already incorporated, the current phase will focus on identifying appropriate drivers and metrics for specific student outcome measures that support student success while maintaining institutional rigor.
- **When:** July 1, 2026
- **Contact:** USU Vice President for Finance and Administrative Services

Recommendation 2.3: As Utah State University leadership develops its new budget model, they should incorporate incentives for faculty to accomplish both the research and teaching missions of the institution.

- **Department Response:** Utah State University concurs with this recommendation.
- **What:** The budget model will account for both research and teaching missions of the institution.
- **How:** USU takes very seriously its multi-faceted mission in the Utah System of Higher Education. The new budget model considers and heavily prioritizes the teaching and research missions of the university and incentivizes faculty and colleges to accomplish both missions. USU leadership will continue to monitor inputs and outcomes, and make timely adjustments as needed, to maintain responsiveness to student, state, and institutional needs.
- **When:** July 1, 2026
- **Contact:** Vice President for Finance and Administrative Services

Recommendation 2.4: Utah State University should specify in role statements that department chairs are responsible for overseeing the student employment outcomes and workforce alignment efforts of their departments. This includes implementing feedback from alumni and employers to improve department performance.

- **Department Response:** Utah State University concurs with this recommendation.
- **What:** Clarify department head responsibilities related to workforce and graduate-school alignment, including oversight of outcomes assessment and employer feedback within existing academic governance structures.
- **How:** Department heads will be expected to incorporate workforce and graduate-school outcomes into program review and improvement efforts, and to ensure departments demonstrate employer partnerships and feedback loops, such as industry advisory boards, alumni input, and other discipline-appropriate mechanisms. Many colleges and departments have these as of now; however, this will be a consistent expectation for all departments and colleges moving forward. The responsibility for acquiring and disseminating appropriate data to facilitate the evaluation of student employment outcomes and workforce alignment efforts by the various departments will be provided centrally, through the USU Office of Data Analytics. These data may include existing institutional data resources, refinements to our graduate surveys, and annual sharing of graduate school placement through the National Student Clearinghouse.
- **When:** Clarifications to department head role expectations will be implemented during the 2026 academic year.
- **Contact:** USU Provost and the Office of Data & Analytics

Recommendation 2.5: Utah State University should develop effective support for department chairs to oversee the workforce development activities of their departments. This includes tracking alumni outcomes, soliciting feedback from alumni and employers, providing training, and creating incentives for departments to improve post-graduation employment and education outcomes for students.

- **Department Response:** Utah State University concurs with this recommendation.
- **What:** Integrate workforce and graduate-school placement expectations and employer feedback into departmental program review processes, focusing on program-level outcomes.
- **How:** Workforce and graduate-school placement data and analysis will be incorporated into regular program reviews. Graduate survey instruments will be streamlined and strengthened to gather improved response rates. A template will be created to assist in gathering feedback from employers.
- **When:** Updates to program review expectations will be implemented during the 2026-2027 academic year, with phased enhancements to data integration and reporting as dashboards are developed.
- **Contact:** USU Provost and the Office of Data & Analytics

Recommendation 2.6: Utah State University should develop and implement a plan to increase the number of faculty in each department whose role statements indicate they are responsible for improving student employment outcomes and workforce alignment.

- **Department Response:** Utah State University concurs with this recommendation.
- **What:** Recognize applied research, experiential learning, employer engagement, and workforce or graduate-school alignment as valued forms of contribution in faculty and academic leadership role statements when appropriate.
- **How:** Faculty and academic leadership role statements will be clarified to allow recognition of workforce-aligned contributions where it aligns with a faculty member’s discipline, appointment, and workload, without establishing uniform requirements across all departments. This approach maintains flexibility across disciplines while supporting workforce relevance.
- **When:** Clarifications to role statement guidance will be implemented during the remainder of the 2025-2026 academic year.
- **Contact:** Provost

Chapter 3

Recommendation 3.1: The Office of the Commissioner of Higher Education should provide stronger guidance to boards of trustees assisting with annual presidential key performance indicator reviews. This will assist in more consistent and effective evaluations. The office should then require the board provide documentation of this process.

- **Department Response:** Deferred to the Office of the Commissioner of Higher Education.
- What
- How
- When
- Contact

Recommendation 3.2: The Legislature should consider providing guidance surrounding presidential evaluations, including how frequent they should occur and who conducts them. If the Legislature does not codify additional guidance, the Utah Board of Higher Education, in collaboration with the Office of the Commissioner of Higher Education, should increase the frequency of comprehensive presidential evaluations to better align with average presidential tenure in Utah and best practices. Doing so will provide greater insight on and support to institutional presidents.

- **Department Response:** Deferred to the Office of the Commissioner of Higher Education.
- What
- How
- When
- Contact

Recommendation 3.3: The Legislature should consider requiring presidents undergo a comprehensive evaluation after completing their first year in the position. If this is not codified, the Office of the Commissioner of Higher Education should revise policy and practice to ensure that each president receives a comprehensive evaluation after completing their first year at an

institution. This evaluative process will ensure presidents are adequately instructed and supported early in their tenure.

- **Department Response:** Deferred to the Office of the Commissioner of Higher Education.
- What
- How
- When
- Contact

Recommendation 3.4: The Utah Board of Higher Education and The Office of the Commissioner of Higher Education should fully integrate its budget model for performance-based pay, setting presidential performance metrics and incorporating them into each president's terms of employment.

- **Department Response:** Deferred to the Office of the Commissioner of Higher Education.
- What
- How
- When
- Contact

Recommendation 3.5: The Office of the Commissioner of Higher Education should draft and follow a written systemwide succession plan, as required in Utah Code, to ensure successful presidents can be identified and hired. The office should document individual persons in each institution with potential to become presidents and provide them opportunities to further refine and build skills within the system.

- **Department Response:** Deferred to the Office of the Commissioner of Higher Education.
- What
- How
- When
- Contact

Recommendation 3.6 The Office of the Commissioner of Higher Education should continue to identify areas for ongoing presidential coaching and regularly provide training. This effort should be measured as successful when it helps presidents improve according to system goals.

- **Department Response:** Deferred to the Office of the Commissioner of Higher Education.
- What
- How
- When
- Contact

Chapter 4

Recommendation 4.1: The Utah State University internal audit director should establish and implement policies and formal processes for tracking and reporting audit recommendations. The director should update the status of these recommendations at least annually and submit a report to the Audit, Risk, and Compliance Committee. This should provide USU leadership and the board of trustees with the information necessary to exercise oversight and ensure audit recommendations are implemented in a timely manner.

- **Department Response:** Utah State University concurs with this recommendation.
- **What:** USU Internal Audit Services (IAS) tracks and reports recommendations from their audits on an ongoing basis and will continue to update USU leadership and the board of trustees on a regular basis regarding open recommendations and follow-up audits.
- **How:** To help ensure more timely tracking of open recommendations and corrective action, IAS will develop a continuous monitoring process and report results to the president and the USU Board of Trustees Audit, Risk and Compliance Committee on a periodic basis. IAS has developed a dashboard that includes status of open recommendations, which will be shared with the board's compliance committee in advance of regular meetings. The IAS annual report of audit activities includes implementation of recommendations for any follow-up audits that were conducted during the previous year. IAS will prioritize informing the president and the board's compliance committee of any unimplemented recommendations that pose a significant risk to the university. Appropriate staffing levels will further improve the timeliness of follow up and closure of recommendations.
- **When:** Effective immediately for everything except the continuous monitoring process. We are exploring software options for this now to be implemented by June 2026.
- **Contact:** USU Internal Audit Services

Recommendation 4.2: The Utah State University President and Board of Trustees should leverage the internal audit function to assess operational, financial, and reputational risks. The president should adequately staff the internal audit function to meet risk coverage demands. This should ensure major risks to the university are appropriately understood and mitigated according to the risk tolerance levels of the president and board.

- **Department Response:** Utah State University concurs with this recommendation.
- **What:** Reestablish internal audit as a key partner in institutional risk assessment and oversight and ensure adequate staffing of the internal audit function.
- **How:** The university is currently conducting a search to fill the vacant chief audit executive position. Upon appointment, the chief audit executive will be reintegrated into appropriate executive-level committees and will have regularly scheduled meetings with the president to support a shared understanding of risks. Staffing levels and audit coverage will be evaluated to ensure alignment with institutional risk exposure and audit priorities.
- **When:** Reestablishment of the chief audit executive role and reintegration into executive committees will occur following completion of the current search.
- **Contact:** USU Internal Audit Services and president

Recommendation 4.3: The Legislature should consider codifying institutional internal auditor reporting relationships within the Utah System of Higher Education to ensure strong, ongoing independence. If this is not codified, the Utah Board of Higher Education should formalize policies and practices to strengthen internal audit independence. Doing so will ensure institutions and the system are free to address the greatest risks and continue to improve its governance and controls.

- **Department Response:** Deferred to the Office of the Commissioner of Higher Education.
- What:
- How
- When
- Contact

Recommendation 4.4: The Utah State University President and Board of Trustees should implement recommendations made by the internal audit function in a timely manner or document why the recommendation will not be implemented. Ultimately, this should lead to controls operating as intended and risks being managed through appropriate mitigation and documentation strategies.

- **Department Response:** Utah State University concurs with this recommendation.
- **What:** Enhance institutional oversight and transparency related to the implementation status of internal audit recommendations.
- **How:** Internal audit recommendations are directed to process owners with authority to implement needed improvements. While audit reports are provided to the president and the board of trustees, implementation responsibility resides with the accountable units. To strengthen oversight, internal audit services has included follow-up audits in the 2026 audit plan to assess implementation status and outcomes of prior recommendations. Follow-up audit reports will be shared with the president and the board of trustees to provide visibility into progress, unresolved items, and risk exposure. Where an unimplemented recommendation represents a significant institutional risk, the USU Board of Trustees Audit, Risk, and Compliance Committee and/or the president will engage directly with supervisors of responsible units to ensure accountability. We are also working with and discussing enterprise risk and key areas to monitor and a draft dashboard monitoring risks for the university to be reported to the compliance committee. In addition, the university is evaluating governance, risk, and compliance tools, such as the Origami Risk platform, to improve ongoing tracking, documentation, and reporting of action plans beyond periodic follow-up audits.
- **When:** Enhanced follow-up reporting will occur as part of the 2026 audit plan, with evaluation of continuous monitoring tools occurring at the same time.
- **Contact:** President

Recommendation 4.5: The Legislature consider codifying the role that institutional legal counsels perform. If this is not codified the Office of the Commissioner of Higher Education, in collaboration with the Utah Board of Higher Education, should formalize guidance on the role institution's legal counsel should play within the governance structure.

- **Department Response:** Deferred to the Office of the Commissioner of Higher Education.
- What
- How
- When
- Contact

Recommendation 4.6: The president of Utah State University and the board of trustees must structure internal governance to place Legal in its most effective and appropriate role.

- **Department Response:** Utah State University concurs with this recommendation.
- **What:** To better align titles with organizational structure, the General Counsel role will no longer carry a vice president designation.
- **How:** Legal counsel will continue to serve in an advisory capacity, providing legal expertise and risk analysis to inform institutional decisions. Shared input is essential, and university leadership carries final responsibility and accountability.
- **When:** Effective February 27, 2026.
- **Contact:** President

Recommendation 4.7: The Commissioner of Higher Education should review the level of support that is needed to adequately support boards of trustees and work with the Legislature to determine policy and resources.

- **Department Response:** Deferred to the Office of the Commissioner of Higher Education.
- What
- How
- When
- Contact



January 23, 2026

Kade Minchey, CIA, CFE
Legislative Auditor General
State Capitol Complex
W315 House Building
Salt Lake City, Utah 84114

Dear Legislative Auditor General Minchey,

Thank you for the opportunity to review and respond to *Audit 2026-02, A Performance Audit of Utah State University's Governance, Leadership, and Culture*. We appreciate Jesse Martinson, Matthias Boone, Nick Varney, Abi Maccabee, and Rebecca Manning for their professional and collaborative work.

The Board continually seeks opportunities to improve the System of Higher Education at a state and institutional level. In that effort, we value partners who share that commitment and help advance our work—we view the Office of the Legislative Auditor General as one of those partners. The Board and the Commissioner's office agree with the auditors' recommendations, and will review and revise Board policy, provide guidance, and deploy resources to implement these recommendations, as outlined in our formal responses.

We look forward to working with the OLAG, legislative leadership, institutional presidents, trustees, and stakeholders in developing approaches that will continue to build value and effectiveness in our system.

Sincerely,

A handwritten signature in black ink, appearing to read "G. Landward", written over a horizontal line.

Geoffrey Landward
Commissioner of Higher Education

A handwritten signature in black ink, appearing to read "Amanda Covington", written in a cursive style.

Amanda Covington
Chair, Utah Board of Higher Education

Utah Board of Higher Education Response to Audit 2026-02, A Performance Audit of Utah State University's Governance, Leadership, and Culture.

Chapter #3

Recommendation 3.1:

The Office of the Commissioner of Higher Education should provide stronger guidance to boards of trustees assisting with annual presidential key performance indicator reviews. This will assist in more consistent and effective evaluations. The office should then require the board provide documentation of this process.

Board Response:

We agree. The Office of the Commissioner has acknowledged deficiencies in the current KPI process and has been exploring ways to enhance presidential performance review. The Utah Board of Higher Education and Commissioner's office initiated training efforts with boards of trustees at the 2025 Board of Trustees Summit and sought feedback and guidance from trustees on how to improve the process. We will continue to provide tailored, institution-specific training on presidential key performance indicators (KPIs) and comprehensive evaluation practices. With guidance from the Utah Board of Higher Education, the Office of the Commissioner will develop a detailed action plan and timeline to ensure ongoing training and support for boards of trustees throughout the presidential evaluation cycle, including annual KPI review and comprehensive evaluations. This guidance will clearly outline roles and responsibilities, provide support for KPI development, and specify required institutional documentation. To ensure continuity and consistency as trustee leadership changes over time, the training structure will be designed to be repeatable, accessible, and easily integrated into onboarding for new trustees. Geoffrey Landward, the Commissioner of Higher Education, will oversee implementation of this recommendation and will ensure that an action plan, necessary policy updates, and initial trainings for all 16 boards of trustees are completed no later than October 31, 2026.

Recommendation 3.2:

The Legislature should consider providing guidance surrounding presidential evaluations, including how frequent they should occur and who conducts them. If the Legislature does not codify additional guidance, the Utah Board of Higher Education, in collaboration with the Office of the Commissioner of Higher Education, should increase the frequency of comprehensive presidential evaluations to better align with average presidential tenure in Utah and best practices. Doing so will provide greater insight on and support to institutional presidents.

Board Response:

We agree. The Utah Board of Higher Education is well positioned to address this issue with or without legislative action. The Board will propose policy revisions to increase the frequency of comprehensive presidential evaluations, thereby shortening the interval between in-depth reviews. The Board will assess available evaluator models,

including conducting evaluations internally or engaging an external consultant, to determine the most effective and appropriate approach for future comprehensive evaluations. As part of this review, the Board and the Office of the Commissioner will evaluate cost, time, and resource implications for each option to ensure the selected model supports a rigorous and sustainable evaluation process. Geoffrey Landward, the Commissioner of Higher Education, will oversee implementation of this recommendation and will work with the Board to consider policy updates and revised evaluator practices no later than August 31, 2026. Any resulting timeline and evaluator changes will apply to presidential evaluations beginning in 2027.

Recommendation 3.3:

The Legislature should consider requiring presidents undergo a comprehensive evaluation after completing their first year in the position. If this is not codified, the Office of the Commissioner of Higher Education should revise policy and practice to ensure that each president receives a comprehensive evaluation after completing their first year at an institution. This evaluative process will ensure presidents are adequately instructed and supported early in their tenure.

Board Response:

We agree. The Utah Board of Higher Education is well positioned to address this issue with or without legislative action. In conjunction with Recommendation 3.2, the Board will submit policy revisions that require an evaluation at the end of a president's first year of service. Geoffrey Landward, the Commissioner of Higher Education, will oversee implementation of this recommendation and will work with the Board to propose policy updates no later than August 31, 2026.

Recommendation 3.4:

The Utah Board of Higher Education and the Office of the Commissioner of Higher Education should fully integrate its budget model for performance-based pay, setting presidential performance metrics and incorporating them into each president's terms of employment.

Board Response:

We agree. As Recommendation 3.1 is implemented, the Utah Board of Higher Education and Office of the Commissioner of Higher Education will leverage more precisely specified key performance indicators in the presidential Pay-for-Performance (P4P) framework. The established budget model will continue to earmark legislatively appropriated and market-based presidential salary increases for P4P until 10% of presidents' pay is at-risk. Geoffrey Landward, the Commissioner of Higher Education, and Nate Talley, the Deputy Commissioner and Chief Financial Officer, are responsible for fully integrating the existing budget model with employment-based P4P metrics by the fall of 2026.

Recommendation 3.5:

The Office of the Commissioner of Higher Education should draft and follow a written systemwide succession plan, as required in Utah Code, to ensure successful presidents can be identified and hired. The Office should document individual persons in each

institution with potential to become presidents and provide them opportunities to further refine and build skills within the system.

Board Response:

We agree. The Utah Board of Higher Education has already directed the Office of the Commissioner to retain an expert in succession planning and begin developing a systemwide succession plan and policy to identify, develop, and prepare leaders across the System and the state for future presidential opportunities. We have retained an expert and have started this work. The plan will establish clear criteria for identifying leadership potential, define structured development pathways, and set expectations for training and mentoring. It will also outline the responsibility of current presidents to intentionally identify, coach, and develop emerging leaders within their own institutions, including providing meaningful leadership experiences and ongoing feedback. The policy will further define processes for monitoring progress, evaluating readiness, and regularly updating development plans to ensure a consistent and robust pipeline of presidential-ready leaders across the System. Geoffrey Landward, the Commissioner of Higher Education, is responsible for ensuring the policy and plan are implemented no later than November 2026.

Recommendation 3.6:

The Office of the Commissioner of Higher Education should continue to identify areas for ongoing presidential coaching and regularly provide training. This effort should be measured as successful when it helps presidents improve according to system goals.

Board Response:

We agree. Since 2025, the Utah Board of Higher Education has required first-year presidents to participate in executive coaching. In addition, UBHE has encouraged and financially supported all presidents in pursuing ongoing coaching and mentorship opportunities. As this policy and practice continue to mature, the Board has sought direct feedback from presidents and remains committed to continuously strengthening the coaching framework to further support and enhance presidential leadership across institutions. Geoffrey Landward, the Commissioner of Higher Education, will oversee implementation of this recommendation, which will have on-going implementation and be reviewed yearly beginning in 2026.

Chapter #4

Recommendation 4.3:

The Legislature should consider codifying institutional internal auditor reporting relationships within the Utah System of Higher Education to ensure strong, ongoing independence. If this is not codified, the Utah Board of Higher Education should formalize policies and practices to strengthen internal audit independence. Doing so will ensure institutions and the system are free to address the greatest risks and continue to improve its governance and controls.

Board Response:

We agree. The Utah Board of Higher Education is well-positioned to address this recommendation with or without legislative action. We will review the Board's internal audit policies, including Board Policies R565 and R567, and make policy updates to comply with this audit, including strengthening auditor independence. Wayne Bushman, Internal Audit Director, is responsible to ensure the policy updates are fully implemented by summer 2026.

Recommendation 4.5:

The Legislature should consider codifying the role that institutional legal counsels perform. If this is not codified, the Office of the Commissioner of Higher Education, in collaboration with the Utah Board of Higher Education, should formalize guidance on the role institution's legal counsel should play within the governance structure.

Board Response:

We agree. The Utah Board of Higher Education is well positioned to address this issue with or without legislative action. Institutional legal counsels have long provided a vital role in advising leaders on complex policy, ensuring legal and regulatory compliance, and managing risk. Because of their unique responsibilities and need for independence, it is critical to establish clear guidelines establishing their scope of responsibility and lines of accountability, the relationship between legal counsel and the institutional president, the relationship between legal counsel and the board of trustees, and the role of the assigned assistant attorneys general and the Board's legal counsel. These guidelines should ensure institutional leaders have access to critical legal guidance while protecting counsel from undue influence or conflicts. We intend to develop and issue guidance in consultation with legal experts, institutional stakeholders, and legislative leaders, with proposed guidance completed by fall 2026. Geoffrey Landward, the Commissioner of Higher Education, is responsible for this recommendation.

Recommendation 4.7:

The Commissioner of Higher Education should review the level of support that is needed to adequately support boards of trustees and work with the Legislature to determine policy and resources.

Board Response:

We agree. The Board has been and continues to work with legislators to better clarify the roles and responsibilities of trustees. As part of that policy discussion, it has become evident that trustees need additional, independent staffing support and training to more effectively meet their oversight obligations, particularly if the Legislature expands that role. As we settle on the appropriate scope for trustees' oversight and regulatory obligations, we will submit plans for requisite policy and resourcing changes. We intend to submit draft plans and policies by fall of 2026, conditional on potential legislative action and timelines. Geoffrey Landward, the Commissioner of Higher Education, is responsible for this recommendation.





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