



July 8, 2019

VIA ELECTRONIC MAIL

Dr. Andrew Leavitt, Chancellor  
University of Wisconsin – Oshkosh  
800 Algoma Blvd.  
Oshkosh, WI 54901

Dear Chancellor Leavitt:

This letter is formal notification of action taken by the Higher Learning Commission (HLC) Board of Trustees (“the Board”) concerning University of Wisconsin – Oshkosh (“the Institution”). This action is effective as of the date the Board acted, June 27, 2019. In taking this action, the Board considered materials from the recent Notice visit, including, but not limited to: the Notice Report the Institution submitted, the report from the Notice Visit team, the Staff Analysis of the Notice Report, and the institutional responses to these reports.

**Summary of the Action:** The Board determined that the Institution is no longer at risk of noncompliance with the Criteria for Accreditation and removed the Institution from Notice. The Institution is required to submit a previously assigned Interim Report no later than October 30, 2020, regarding Core Component 5.A, and a previously assigned Interim Report no later than March 1, 2021, regarding Core Component 4.B.

### **Board Rationale**

The Board based its action on the following findings made with regard to the Institution:

The Institution now meets without concerns Criterion One, Core Component 1.D, “the institution’s mission demonstrates commitment to the public good,” for the following reasons:

- The Institution and University of Wisconsin System (“the System”) Board of Regents (“the Board”) implemented several policy and practice initiatives to assure not only that UW-Oshkosh would not be faced with similar risk arising from lack of effective oversight in the future, but also that no other institution in the System would. These included:
  - Providing a refresher for current Board members in Ethics and Conflict of Interest restrictions that applied to them.
  - An orientation for new members on these same subjects.
  - An orientation for newly hired institutional business officers.
  - Enacting a mix of new and revised policies by the Board and the System to strengthen accountability.

The Institution now meets without concerns Criterion Two, Core Component 2.A, “the institution operates with integrity in its financial, academic, personnel, and auxiliary functions; it establishes and follows policies and processes for fair and ethical behavior on the part of its governing board, administration, faculty, and staff,” for the following reasons:

- The System Board took the following actions to assure compliance:
  - All university chancellors and chief business officers are now required to sign annual attestations that all financial records are accurate and materially complete.
  - The Board adopted new Policies on the Creation, Management and Oversight of Bank Accounts to assure transparency.
  - Actual System internal audits completed in 2018 confirmed compliance with these new policies.
  - The integrated System audit plan is designed to examine the audited statements submitted by the foundations and show transactions between universities and their affiliated foundations.
  - The System has revised or adopted policies to make the statutory restrictions that separate universities from foundations accessible and clear.
  - The System has revised training and orientation on Conflicts of Interest and Ethics for the Board itself, with new Board members in the class of 2018 and 2019, and new system staff members, required to participate. The orientation also covers policies and statutes on the fiduciary responsibility and role of board members, and material has been added on the requirements of HLC accreditation.
  - The System intends to develop an online ethics training program for all new employees; although not yet in place, it is likely to be housed in the newly created compliance office located within the System’s General Counsel’s office.
- System Board autonomy has been strengthened and assured through the following activities that separate universities and their affiliated foundations:
  - A new Board policy on the relationships between institutions in the system and the foundations they are affiliated with was adopted utilizing the President’s memorandum and checklist as the basis for clarifying the legal independence of the entities, among other safeguards.
  - University officials who serve on the boards of affiliated foundations must now be *ex-officio* and non-voting members so the foundation can operate to fulfill its purpose of supporting the university’s mission and not cause concern that its independence is compromised.
  - The System affirmed the independence of universities and their affiliated foundations and implemented directives that foundations cannot influence universities to take actions that are inconsistent with a university’s interests.

The Institution now meets without concerns Criterion Two, Core Component 2.B, “the institution presents itself clearly and completely to its students and to the public with regard to its programs, requirements, faculty and staff, costs to students, control, and accreditation relationships,” for the following reasons:

- On the UW-Oshkosh campus itself, the following policies and procedures were implemented to ensure transparency and accountability:
  - A Vice Chancellor was hired with significant experience, and a secondary staff position was created to lead audit implementation.
  - The Chancellor announced a restructuring of its financial reporting units in April 2018, with a new structure that separates budget development functions from accounting functions and centralizes financial and administrative services to increase efficiency, centralize reporting and improve accountability of employees with financial authority.
  - Financial area position descriptions of unit business officers serving units across the Institution were evaluated, and a dual reporting relationship to an Associate Vice Chancellor for Finance & Administration was added. This reorganization also meant increased team-based professional development and advancement opportunities.
  - To assure that UW-Oshkosh employees could report concerns and questionable practices, the System office continued to promote its anonymous hotline for Fraud, Waste and Abuse. (One concern that came to light was that referrals to the hotline had previously been returned to the Vice Chancellor for Finance and Administration, one of the two people whose actions came into question, and this was changed.)
  - Employees who were responsible for the financial guarantees and transfers from UW-Oshkosh to support the Foundation had left the Institution or been dismissed by January 2017.
  - The Institution added ethics training now being carried out by the Human Resources staff for all employees.

The Institution now meets without concerns Criterion Two, Core Component 2.C, “the governing board of the institution is sufficiently autonomous to make decisions in the best interest of the institution and to assure its integrity,” for the following reasons:

- Regarding financial management, fiscal risk and fiduciary authority, the System Board has taken several actions since spring 2016 to assure that Board members and university officers understand their obligations and the relationship between universities in the System and foundations with which they are affiliated. These include:
  - An audit committee was created that is separate from the Board’s previous model, in which audit matters were reviewed by the Board Finance Committee. The Board member who currently chairs the Audit Committee possesses expertise and experience that have resulted in greater accountability and more effective enterprise risk management.
  - During its first year, the Audit Committee focused narrowly on the first component of its charter, overseeing the internal audit; then it turned to reviewing risk. At this point a decision was made that institutional internal auditors would report to the System office rather than to executives within their own institutions, assuring greater accountability across the System.
  - In August 2016 the Audit Committee deployed a financial accountability model

designed by the Committee of Sponsoring Organizations. This “Three Lines of Defense” model is designed to reduce risk by focusing on operational management, internal monitoring and oversight, and internal audit.

- The Board adopted a new policy to clarify and describe appropriate relationships between universities and foundations as well as an updated Fiscal Misconduct Policy for the System; the policies complement Wisconsin statutes in its Policy on Ethics.
- Beginning in 2017, audit instructions from the System specified that documentation must be understandable to a third party without additional information.
- The 2018 and 2019 audit plans included assurance that reforms in the Memoranda of Understanding between universities and affiliated foundations were in compliance with respect to reporting financial transactions and banking relationships and affirmed that all university officials held only non-voting board membership.

The Institution now meets without concerns Criterion Five, Core Component 5.B, “the institution’s governance and administrative structures promote effective leadership and support collaborative processes that enable the institution to fulfill its mission,” for the following reasons:

- The System adopted Regents Policy 21-9 on “Institutional Relationships with Foundations,” which outlines the terms required for working relationships between any System institution and its board, delineates the legal separation of the institution and any of its foundations, stipulates that employees of an institution who serve on a foundation board must be *ex-officio* non-voting members and comprise a minority of the board’s membership, and sets forth multiple levels of approval required for real estate projects undertaken by a foundation that involve state or university funding or property.
- Each System institution is required to draft and maintain detailed Memoranda of Understanding with its fundraising foundation and its real estate foundation to assure accountability and transparency.
- A robust system of auditing has now been put in place, with internal audits scheduled regularly, and the progress of audits is monitored for completion and timeliness.
- A System-wide audit completed in 2018 showed that no other campus had been involved in financial transactions similar to the problematic ones that had involved UW-Oshkosh, and new System rules on audits have been implemented with closer oversight of the Board Audit Committee.

The Institution has demonstrated that it is in compliance with the Criteria for Accreditation, Assumed Practices, and Federal Compliance Requirements and is not at risk of noncompliance with the Criteria, and thus should be removed from Notice.

### Next Steps in the HLC Review Process

**Interim Report:** The Board continued the requirement that the Institution submit a previously assigned Interim Report no later than October 30, 2020, regarding Core Component 5.A, and a previously assigned Interim Report no later than March 1, 2021, regarding Core Component 4.B.

**Comprehensive Evaluation:** The Board maintained the Institution maintained on the Standard Pathway with its next comprehensive evaluation (Year 4) in 2022-23.

### HLC Disclosure Obligations

The Board action resulted in changes that will be reflected in the Institution's Statement of Accreditation Status as well as the Institutional Status and Requirements Report. The Statement of Accreditation Status, including the dates of the last and next comprehensive evaluation visits, will be posted to the HLC website.

Information about this action is provided to members of the public and to other constituents in several ways. In accordance with HLC policy,<sup>1</sup> this Action Letter and the enclosed Public Disclosure Notice will be posted to HLC's website not more than 24 hours after this letter is sent to the Institution.

HLC policy<sup>2</sup> requires that a summary of Board actions be sent to appropriate state and federal agencies and accrediting associations. It also will be published on HLC's website. The summary will include this HLC action regarding the Institution.

On behalf of the Board of Trustees, thank you in advance for your cooperation. If you have questions about any of the information in this letter, please contact your HLC Staff Liaison, Dr. Jeffrey Rosen.

Sincerely,



Barbara Gellman-Danley  
President

Enc: Public Disclosure Notice

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<sup>1</sup> INST.G.10.010, Management of Commission Information

<sup>2</sup> COMM.A.10.010, Commission Public Notices and Statements

Chancellor Leavitt, July 8, 2019 6

Cc: President of the Board of Regents, University of Wisconsin  
Charles Hill, Associate Vice Chancellor, University of Wisconsin – Oshkosh  
Evaluation Team Chair  
Jeffrey Rosen, Vice President for Accreditation Relations and Director of the Open Pathway,  
Higher Learning Commission  
Anthea Sweeney, Vice President for Legal and Governmental Affairs, Higher Learning  
Commission