

State Audit: UConn Spent \$902,000 On Software Licensing Fees It Didn't Use

University Also Failed to Follow Formal Selection Process On \$10 Million Contract, Auditors Find

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The University of Connecticut paid more than \$900,000 in licensing fees on SciQuest software for three years, but did not use the software for most of that time, according to a state auditors' report released Wednesday.

"It's glaring in the sense that [nearly \$1 million] was spent on something they didn't really use in a timely fashion," said John C. Geragosian, a state auditor.

In addition, the university entered into a \$10.1 million contract with Kualu Financial System, which is affiliated with SciQuest, but did not "conduct a formal, well-documented" selection process to choose Kualu, nor does it appear that UConn's board of trustees ever approved the project, the auditors said.

Without a formal selection process, the report said, "more advantageous alternatives may have been overlooked."

Geragosian said, "Clearly that raises a lot of flags: cost, favoritism ..."

Despite the lack of adequate vetting in the selection process, Geragosian said the new financial system has been successful. "It worked out OK, but it might not have," he said, adding, "They wasted \$900,000 that could have gone to scholarships or whatever else."

The report said that UConn paid three annual license fees starting at the end of December 2009, but did not make use of the software until July 2012 when the Kualu Financial System software was deployed.

"This software should not have been licensed before the university was ready to make use of it," the report says.

The auditors had intended to review the selection of Kualu to verify that UConn had conducted a thorough review of available alternatives and made a reasonable choice, the report said, but they were unable to do so because of a lack of documentation.

"The documentation that we were provided with appeared to have been created after the choice had been made," the report said, "and was focused on explaining the advantages of the chosen system to the university community."

The auditors recommended that UConn conduct a formal, well-documented selection process for all major acquisitions. The response from UConn as recorded in the report said simply, "We agree."

Lawrence McHugh, chairman of the trustees, said in a statement that the board agrees with the audit finding.

"The university should not have paid for software it was not using. That is not defensible, which the university's then-leadership should have known in 2009, when this issue arose."

He noted that prior to the audit the university's new leadership already had made changes "to ensure that this does not happen again." McHugh also said, "Major IT implementation projects also now come before the board for approval, which better allows the board to fulfill its oversight responsibilities."

Tom Breen, a UConn spokesman, said that when the SciQuest software was first licensed, "it was believed the university would be able to integrate it with the existing financial system," but the old system platform was no longer effective. That resulted in the lag between when the licenses were acquired and when the software was successfully put to use.

UConn also agreed with the auditors that major projects "will have a defined implementation plan that specifies key milestones or decision points."

Maximum Rates Of Pay

The report also noted in another section that UConn's professional employees, including faculty, do not have an established "maximum" rate of pay.

The effect, the report said, is that "compensation levels of UConn professional employees can increase indefinitely."

The report recommends that UConn establish maximum salaries for all professional employees, through the collective bargaining process if necessary.

"We are saying there should always be a minimum and a maximum [salary] and if you want to exceed the maximum, they have to get the board's approval," said Geragosian. "We understand it's a competitive environment. Many of the excellent researchers are in great demand. There may be cases where it makes sense to exceed a salary range... but it shouldn't be the norm."

In its response UConn said that any changes to the provision for employees represented by unions would have to be addressed through contract negotiations, which are not scheduled to begin until 2015.

UConn also said that "current salaries for UConn's executive management positions are generally consistent with the salaries" for like positions at other top public research universities.