

## Emory Internal Audit Division – Advisory Bulletin

### Re: Safeguarding Research Participant Payment Funds (Cash) and Gift Card Payments to Human Study Participants

May 2017

Internal Audit periodically provides Internal Control Awareness messages. These messages are intended to inform the Emory community of common issues identified during our reviews and to raise awareness of internal control best practices.

One of Emory's major functions is conducting research related to human subjects. As outlined in Policy 7.28 – Payments to Human Research Study Participants, human research study participants may be paid for their time and effort using three acceptable payment methods funded by designated research funds:

- (1) Cash (using established Research Participant Payment Funds (RPPF))
- (2) Gift cards (purchased via Emory Express)
- (3) Checks (issued via Payment Services)

#### **Issue**

Over the past few years, several thefts of research study funded RPPF cash funds and gift cards have occurred. Most commonly, a weak or ineffective design and implementation of internal controls have contributed to enabling such thefts.

#### **What is the University Doing to Strengthen Controls & Prevent Theft of RPPF Cash?**

As it relates to RPPF, to minimize the risks of misuse and theft and to maximize the safeguarding of payments, the Finance Division (Treasury team) has begun implementing the ClinCard by Greenphire electronic solution. The ClinCard is a web-based, reloadable debit-card that automates payments to human research study participants, and it has the potential to replace payments via cash, gift cards, or checks.

As part of the initial roll-out, Finance has identified and enrolled selected studies to implement the use of the ClinCard. Finance will provide additional information on the ClinCard system, by May 1, 2017 including how researchers may request ClinCards for their participants, when they can be used, and any associated fees to use the ClinCard.<sup>1</sup>

---

<sup>1</sup> Studies are responsible for site fees, card fees, and load fees. \*

- Site Fee: One-time fee of \$900 to establish a site (unit/department) in the ClinCard system/process (e.g. The Emory Autism Center has its own "site" established with 30 to 40 studies over two years).
- Card fee: Each study participant card incurs a fee of \$3.00 to establish it.

Regardless, if and until a study is deemed eligible to enroll in ClinCard, the Principal Investigator (PI)<sup>2</sup> and any designated custodian(s) are responsible for establishing and enforcing internal controls that safeguard RPPF from theft (see recommendations below).

### **What Should Study Administrators Do to Prevent Theft of RPPF Cash (without ClinCard) and Gift Cards in their Custody?**

Effective internal controls can prevent theft or detect any loss in a timely manner. RPPF cash (“cash”) and gift card custodians<sup>3</sup> and department business officers should safeguard the cash and gift cards with diligence. Furthermore, they should evaluate whether existing internal controls include the following:

- **Physical Security:** cash and gift cards should be stored in a location secured by a lock (preferably a safe if a significant amount of cash and/or gift cards are maintained). The key should be stored and secured in a separate location.
- **Limited Access:** Access to the safe/locked location should be limited to only authorized employees. To the extent possible, discretely access the funds when others are present.
- **Cash Log and Gift Card Inventory Log:** cash and gift cards should be recorded in a log upon receipt (including receipts for each disbursement).
  - Cash logs should contain information such as the date and amount received, date and amount disbursed, and the recipients’ signature.
  - Gift Card Log should contain gift card serial numbers (serial numbers should be removed from log when distributed). Cards should be stored in safe, and log should be in separate location from safe.
  - A separate log for gift card disbursements should be maintained so that whenever a gift card is removed from safe and issued to participant, the name of participant, distribution date; gift card serial number, amount, and participant signature are recorded.
- **Regular and Surprise Counts:** Supervisory personnel<sup>4</sup> should periodically perform regular and surprise cash and gift card counts and reconcile the amounts on hand to inventory logs. The balances on a sample of unused gift cards should also be verified during the surprise count to confirm that loaded dollar amounts still exist (i.e., have not been depleted/used/stolen through partial use of the gift card which has gone undetected). Supervisory personnel should confirm that the established regular and surprise cash count/reconciliation schedule is being

- 
- Load fee: Each time a study participant card is loaded with funds, it incurs a fee of \$1.00 (e.g., if a study loads \$25, the total cost will be \$25 + \$1 = \$26).

\*Note: If a study participant loses his/her card, a replacement card fee may be incurred.

<sup>2</sup> Principal Investigator (PI) are Emory employees who manage the administrative activities that support the studies conducted within their units.

<sup>3</sup> Custodians are defined as responsible for supporting the PI, as directed or appointed, in managing and safeguarding research funds (cash, checks, and gift cards).

<sup>4</sup> Supervisory personnel are Emory employees whose capacity include overseeing the performance of custodians. They may or may not be study administrators depending on a unit’s size and structure.

followed and that any reconciling differences are promptly investigated to determine root cause and resolved.

- **Segregation of Duties:** To the extent possible, cash and gift card responsibilities should be delegated to a minimum of three people: 1.) One person approves cash and gift card purchases, 2.) The second person should maintain custody of the cash and gift cards (i.e. receives, stores, disburses the cash/gift cards and maintains the inventory log), and 3.) The third person reconciles the actual cash and gift cards on-hand to the inventory logs and verifies the inventory in writing.
- **Replenishment** – Custodians should replenish the funds when low and in a timely manner, which allows for proper workflow to be completed. The supervisor or manager should also confirm the balance of the funds prior to approving the replenishment request. Prior to replenishing the fund, the custodian should make sure that cash-on-hand plus receipts equal the original balance of the funds. A supervisor or manager should approve the replenishment request. Custodians should close inactive cash. Custodians are responsible for safeguarding funds and gift cards and maintaining receipts and detailed records to support all transactions. Details of replenishment can be found under Policy 7.28 – Payments to Human Research Study Participants.
- **Procedures:** Formally document your department’s procedures related to purchasing, receiving, managing, and reconciling the cash funds and gift cards.

### **Contact Information**

Internal Audit is available to provide consultative advice on processes, risks, and internal controls. If you have any questions about this best practice awareness memo, or wish to discuss the adequacy and effectiveness of your internal control design, please do not hesitate to contact us at:

- Phone: 404-727-6146
- Fax: 404-727-2914
- Email: [audit@emory.edu](mailto:audit@emory.edu)

Additionally, if you have any questions regarding research participant payment funds (RPPF), please feel free to contact the research participant payment fund team at [rppf@emory.edu](mailto:rppf@emory.edu).

If you have questions regarding gift cards, please feel free to contact Payment Services at [actspay@emory.edu](mailto:actspay@emory.edu).

*The content of this message is also available on the web at this link: <<IA’s website>>*