

Emory Internal Audit Division – Advisory Bulletin

Re: Safeguarding Research Participant Payment Funds (RPPF)

April 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. To support such research, Research Participant Payment Funds (RPPF) are established by each study to provide payments to study participants (i.e., cash, gift cards).

Issue

Several thefts of RPPF funds (i.e., gift cards and cash) have occurred in recent years. Most commonly, a weak or ineffective design and implementation of internal controls have contributed to enabling such thefts.

What is the University Doing to Prevent Theft of 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 reimbursements for subjects who are engaged in clinical research.

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.¹

¹ 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.
- 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.

Regardless, if and until a study is deemed eligible to enroll in ClinCard, study administrators² 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 (Without ClinCard)?

Effective internal controls can prevent theft or detect any loss in a timely manner. Cash and gift card custodians³ and department business officers should safeguard the funds and gift cards with diligence. Furthermore, they should evaluate whether existing internal controls include the following:

- **Physical Security:** Cash funds and gift card funds should be stored in a location secured by a lock (preferably a safe if a significant amount of cash and/or gift cards is 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 funds 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 personnel⁴ 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 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 funds

² Study administrators are Emory employees who manage the administrative activities that support the studies conducted within their units.

³ Custodians are defined as Emory employees who are responsible for the physical access and/or management of cash and gift cards.

⁴ 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.

and gift card purchases, 2.) The second person should maintain custody of the funds (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 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 petty cash funds. Custodians are responsible for safeguarding funds and gift cards and maintaining receipts and detailed records to support all transactions.
- **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

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.

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

Patient Stipend Fund Initial Accounting Form

Instructions:

1. Immediately upon receiving funds, place them in a secure location.
2. Complete the study staff section and email to XYZ@emory.edu within 48 hours.
3. You will be contacted about an appointment time for the Finance staff to complete the initial count.
4. After the initial count is conducted, you will receive a copy of the signed form.

TO BE COMPLETED BY STUDY STAFF

PI: _____
 Study Title: _____
 IRB number: _____

Project status (circle): NEW EXISTING

Type of Funds (provide purchase order w/ smartkey & project or shipment inventory from sponsor)

- Cash
- Gift Cards (purchased through Emory)
- Gift Cards (provided by sponsor)
- Other (_____)

Date	Beginning Balance:	Denomination	Type of Gift Card (if applicable)	Number	Total
Grand Total:					_____

Secure location where funds will be stored (see PSF Guidelines for definition):

- Safe (email XYZ@emory.edu to check out a safe)
- Other _____

Custodian submitting form (provide copy of Custodian Signature/Authorization Form):

Name: _____
 Email: _____
 Phone number: _____
 Signature: _____
 Date: _____

TO BE COMPLETED BY FINANCE STAFF

Beginning Balance Verified:	Denomination	Type of Gift Card (if applicable)	Number	Total
Grand Total:				_____

Purchase order or receipt attached?	YES	NO	
Custodian Signature/Authorization Form attached?	YES	NO	
Secure storage location verified?	YES	NO	
If Gift Cards, 2 Cards or 20% of inventory were check for correct balances?	YES	NO	N/A

Signature: _____
 Date: _____
 Signature: _____
 Date: _____

Patient Stipend Tracking Log: Gift Cards

STUDY TITLE:			
SK:		PROJECT #:	
PI:		IRB #:	
CUSTODIAN1:		CUSTODIAN2:	

DATE	PARTICIPANT NAME OR STUDY ID	STUDY VISIT OR EVENT	GIFT CARD TYPE	GIFT CARD DENOMINATION	GIFT CARD NO.	CUSTODIAN NAME	CUSTODIAN SIGNATURE

APPROVAL SIGNATURES:	DATE
CUSTODIAN:	
PI:	