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0955

**Subject:**        *Research Subject Payments – Scrip Management  
AMAS Audit Project 2011-34*

Audit & Management Advisory Services (AMAS) has completed a review of research scrip management processes as part of the Fiscal Year 2010-11 audit plan. Scrip is a certificate whose value is recognized by the payer and payee, similar to a money order, which can be redeemed at the UCSD Cashier's Offices or Wells Fargo Bank locations. This report summarizes the results of our review.

### **Background**

UCSD research investigators (PIs) conduct clinical research projects that require the participation of human subjects. To encourage subject participation, PIs may include subject compensation in their Institutional Review Board (IRB) approved research plans. In the past, research related payments were issued using cash, checks, or food/merchandise vouchers. Check payments were not an optimal solution because in most cases, checks could not be issued to subjects at the time of the visit. In addition, most research units found it difficult to keep cash on hand. Scrip was identified as a good alternative to other payment methods because it satisfied the business requirement for flexibility, improved control, and subject confidentiality. Some advantages of issuing scrip include:

- Scrip orders can be processed in a short time period;
- Research subjects can be paid at each visit;
- Scrip is in a pre-numbered, standard format;
- Scrip can be ordered in specified denominations; and
- Scrip can be tracked, audited, and secured.

The Scrip Program is administered campus-wide by the UCSD Business and Financial Services Department (BFS) Disbursements Division (Disbursements). After scrip orders are processed, the responsibility for managing scrip passes to Scrip Coordinators in departments or research units. Because scrip is considered a cash equivalent, University of California (UC) Business and Finance Bulletin 49, *Policy for Cash and Cash Equivalents Received* (BUS 49) requirements apply.

### **Audit Objective, Scope and Procedures**

The objective of our review was to determine whether Scrip Program business process controls were working effectively, and met BUS 49 cash management requirements.

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We performed the following procedures to achieve the project objective:

- Reviewed applicable UC and UCSD policies including: UC Disbursements D-371-12-1, *Accounting for and Tax Reporting of Payments Made Through the Vendor System*; BUS 49; guidelines posted on the Human Research Protections Program website; procedures posted on the Disbursements webpage on Blink; BFS Scrip Overview Procedures; and BFS Scrip Issuance Procedures;
- Reviewed documents commonly used in scrip processes, including: Scrip Order Forms, Scrip Returns Forms; Certification of Scrip Payment Forms, and Scrip Logs;
- Interviewed BFS staff and departments' Scrip Coordinators and fiscal staff;
- Analyzed processes for ordering, printing, issuing, returning, reconciling, storing and recording scrip; and,
- Identified departments and research studies that use scrip for research subject payments, and the amount and denominations of scrip issued to each study.

Scrip management processes were also reviewed for a judgmental sample of five individual School of Medicine (SOM) research projects to verify that required procedures had been implemented in the clinical research environment to ensure that scrip was issued to research subjects in accordance with IRB-approved research plans and that all scrip payments were accounted for. The results of those reviews will be separately reported to the PI, Department and SOM management.

**Conclusion and Supporting Comments**

Based on our review procedures, we concluded that Scrip Program business process controls were working effectively, and met BUS 49 cash management requirements. Specifically, Disbursements' management has implemented adequate separation of duties, obtained appropriate authorization and approvals, and has ensured that scrip is properly secured and periodically reconciled.

The scrip request process begins with the research unit Scrip Coordinator completing a Scrip Order Form, and submitting it to Disbursements. We noted that the Scrip Order Forms include scrip reconciliation guidelines, the financial account index that will be charged, scrip cashing instructions and tax reporting requirements. To comply with Internal Revenue Service (IRS) regulations, the Scrip Coordinator is instructed to provide Disbursements with the information required to prepare tax documents for all participants who receive more than \$600 in a given year. Quarterly, or at the end of the study, the Scrip Coordinator is required to complete a certification form of all scrip that has been distributed and, to void and return any damaged, stale-dated or unused scrip.

The Banking Assistant in Disbursements verifies that the Scrip Order Form is complete; verifies or obtains the Scrip Coordinator's UCSD email address and contact information, reviews an internal spreadsheet to verify that previous certifications and reconciliations are current, and prints the requested scrip. Scrip orders are recorded on a spreadsheet created for tracking

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purposes. The Banking Assistant also prepares a financial journal to charge the department index; completes a scrip receipt that includes the details of the scrip order; and logs and transfers custody of the order, the printed scrip and scrip receipt to the Disbursements Receptionist.

The Receptionist logs receipt of scrip from the banking assistant, verifies that the scrip serial numbers match the scrip listed on the scrip receipt form and notifies the department's Scrip Coordinator that scrip is ready for pick-up. When the Scrip Coordinator receives the scrip, the transfer of custody is noted by signature on the receipt. We verified that scrip is stored securely prior to transfer.

The Disbursements Banking Specialist receives and verifies the completeness of scrip certification forms, any unused scrip, and appropriate supporting documents. She also updates study spreadsheets with information about certifications and voided scrip; cancels and shreds voided scrip and credits the appropriate department account index. A monthly review is performed to identify and resolve delinquent certifications.

UC wide policy requires that all draft audit reports, both printed (copied on tan paper for ease of identification) and electronic, be destroyed after the final report is issued. Because draft reports can contain sensitive information, please either return these documents to AMAS personnel, or destroy them. AMAS also requests that draft reports not be photocopied or otherwise redistributed.

We thank all members of the department for their cooperation and assistance during the audit.

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