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

Audit & Management Advisory Services (AMAS) has completed a review of research scrip management processes for five research units as part of the Fiscal Year 2010-11 audit plan. This report summarizes the results of the review of scrip usage within the UCSD Antiviral Research Center (AVRC). As part of our review, we examined the use of scrip for a specific project, titled *Determinants of HIV Transmission in Sexual Partnership Pairs and Social Networks* (Study), which was managed by Principal Investigator Susan Little, M.D.

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 (a convenient cash equivalent similar to a money order and redeemable at a bank) 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 can be issued in a standard pre-numbered 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. For the AVRC study selected for review, scrip responsibilities were shared by a Scrip Coordinator, a Director of Operations, a Scrip Disburser, a Study Coordinator and a Fund Manager. The Fund Manager approved scrip requests and expenses for the study, reconciled the ledger and audited the safe.

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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.

The results of our evaluation of campus Scrip Program management controls in general were reported to the Director of Disbursements in the final report for AMAS Project #2011-34. This report concluded that overall Scrip Program business process controls were working effectively, and met BUS 49 cash management requirements. Specifically, Disbursements' management had implemented adequate separation of duties, obtained appropriate authorization and approvals, and had ensured that scrip was properly secured and periodically reconciled.

Audit Objective, Scope and Procedures

The objective of our review was 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 an IRB-approved research plan;
- Scrip management processes complied with BUS 49 cash management requirements; and,
- All scrip payments were accounted for.

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;
- Interviewed the AVRC Chief Operating Officer;
- Analyzed AVRC processes for ordering, issuing, returning, reconciling, storing and recording scrip; and,
- Performed a count of scrip on hand, and reviewed documentation supporting the issuance of scrip for the AVRC sample Study.

Conclusion and Supporting Comments

Based on our review procedures, we concluded that AVRC scrip management processes and supporting documentation for the study selected complied with BUS 49 cash management requirements.

We noted that the Scrip Order Forms included all required information. Procedures had been implemented in the clinical research environment to ensure that scrip was issued to research subjects in accordance with the IRB-approved research plan. Staff responsibilities for receiving,

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issuing and reconciling scrip inventory were adequately separated. Scrip issue logs were completed and copies of receipts issued to patients were retained. The quarterly summary of scrip transactions was submitted to Disbursements.

To comply with Internal Revenue Service (IRS) regulations, research unit Scrip Coordinators are instructed to provide Disbursements with the information required to prepare tax documents for all participants who receive more than \$600 in a given year. We noted that that AVRC controls prevented participants from accumulating more than \$600 in scrip payments per year.

AMAS appreciated the cooperation received from research unit staff during the audit process. Because this report does not include recommendations for process improvement, a management response is not required.

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Please contact me at (858) 534-3913 if you have any questions about the issues discussed in this report.

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