Sponsored Research Monthly Meeting

December 3, 2019 (Evanston) &
December 5, 2019 (Chicago)
AGENDA

• InfoEd Updates
• Human Research Subjects Payments: Preventing Fraud
• Meet Shandra White, Executive Director, Sponsored Research
OSR Announcements

• Staffing: Sean Perry, promoted to Director, Research Contracts (December 2)
  – In this newly created role, Sean will direct, manage and supervise all staff and activities for Northwestern sponsored research contracts and agreements in OSR

• Early office closure
  – Friday, December 13th, 12:00pm for staff holiday outing
InfoEd Updates

Sara Krentz, Assistant Director, Sponsored Research Systems & Data
Requesting New Sponsor / Subcontractor Form

- Website upgrade on December 13th
- Forms for requesting new Sponsor or Subcontractor entities moved into InfoEd Change Request module
  - Content of forms is almost identical
  - CR routed directly to Info Team for review
- Other forms (eRA Commons, general help form) still on website
New Sponsor/Sub Form Benefits

- Visibility into process and queue
Non-Funded Negotiations Updates

• Question Updates
• New tab – Generic Face Page
• Final route submission
• Send back for edits using workflow
• Estimated early 2020
NFN: Generic Face Page

- Change title
- Change PI
NFN: Final Route Submission

- Route on Finalize Tab instead of Internal Documents
  - Still routing straight to OSR
- Enable OSR to return record for edits if necessary
  - Contact your CO if you need to make edits
Finalize Tab

Finalize

Build PDF / Form Pages
Assemble Application
Submit for Internal Review

Once your proposal has been completed, it can be electronically routed internally for necessary approvals. This page will display in two modes: Un-submitted and Submitted.

The screen is in Un-submitted mode when your proposal has not yet been routed. You can determine this by visually identifying a “thumbs up” on the screen. If it is there, then the proposal has not yet been submitted.

The screen is in Submitted mode when your proposal has been submitted and you can see the approval path it is or Your Administrators have configured the approval path that they feel is appropriate for your proposal. If you have any questions regarding this process, please contact them.

Current Proposal Status: In Development

Components for Initial Application

Submit Final Review

<table>
<thead>
<tr>
<th>FORM/DOCUMENT NAME</th>
<th>EDIT</th>
<th>STATUS</th>
<th>UPLOAD</th>
<th>REMOVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Add Institution Forms/Supporting Documents</td>
<td></td>
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</tbody>
</table>

Proposal SP0054234 - Sara L. Krentz "CDA = new title" (In Development)

Refresh Route

Route Path - CDA Final Add New Person to Review Path
Step 1 Submit to OSR Office for Sponsored Research
InfoEd Upgrade!

• Coming in early 2020
• Mostly minor changes
  – Details to come on what to expect
• Required for SubAward module implementation
Human Research
Subject Payments: Preventing Fraud

Katherine Mustea, Assistant Director, ASRSP
Overview

• How fraud happens with human research subject payments
• Existing policies and guidelines
• Processes that help prevent fraud
• Unusual situations and reporting fraud
Fraud and Human Research Subject Payments

• Human subject payments are made in cash or cash equivalents:
  – Petty Cash, Checks through AP and Payroll
  – Stored Value Card, (e-)Gift Cards, Hyperwallet

• Departments are asked to monitor and control the stewardship of all cash

• Theft of cash = fraud

• Shortcuts or circumventing processes lead to fraud

• Audits don’t necessarily uncover fraud
Fraud Triangle

- **Rationalization**
  - Justification: “just a loan”, “need it for my family”
  - Retaliation: Angry with Northwestern

- **Opportunity**
  - Weak internal controls
  - Poor management oversight
  - Overriding rules

- **Pressure**
  - Financial problems
  - Unstainable lifestyle
Who commits fraud?

- Anyone can become susceptible to fraud
  - “Trusted” employee
    - Not taking vacation
    - Not allowing others to cover for them
    - Defensive

- Common methods used to commit fraud
  - Weak controls exploited 74%
  - Reckless dishonesty despite controls 15%
  - Collusion to circumvent good controls 11%
How does fraud occur?

• **Poor Controls**
  – No separation of duties: custodian of gift cards is allowed to buy and distribute gift cards
  – Poor documentation is kept (e.g. messy or missing records, using copies not originals) or falsified documents are created
  – No signatures received from recipients
  – High frequency of lost cards

• **Poor Management**
  – No additional approvers
  – Approvers sign off without understanding or paying close attention to what they are signing
  – Lax attitude: “We can trust them, they have been around for years”
What happens after fraud occurs?

• Discovery
  – Exposure by whistleblower, audit, or new employees
  – Internal forensic audit

• Consequences
  – For the individual: Prosecution and possible jail time
    • Northwestern will take legal action against individuals; If prosecuted, fraud is a felony
  – For Northwestern: Damaged relationships
    • Sponsor is notified and conducts their own audit of Northwestern
    • Northwestern’s reliability is questions; possible bad press
Existing policies and guidelines
Charging Sponsored Projects

- Sponsored project funds require a higher level of stewardship than other funds
  - When there is an audit finding we could be seen as university that needs more scrutiny

- Do not circumvent policies or “make it easier” for yourself or others
  - Follow written policies
  - Document everything for audit
  - Closely monitor what is submitted
The HRS Payment Quandary

Human research subject payments have two components that can cause a lot of trouble for departments because they are seemingly at odds with one another:

– Privacy of patient (requires privacy protection)
– Abuse of cash (requires transparency)
Documentation Basics

• Proper documentation for payment distribution:
  – Shows proof of distributing payment
  – Serves as back up for cost transfers and replenishments

• Two methods
  – Signed research subject form
  – Participant log, which should include:
    • Patient Identifier
    • Address
    • Date of research activity
    • Amount paid
    • Signature of participant or other proof of distribution (e.g. email confirmation for virtual gift cards)
Proper Documentation

• Complete back-up
  – Obtain necessary signatures for payments at the time of patient visit - needed for audits, you may be asked for the documents.
  – Dual verification (protects Northwestern and distributor)
    • Signed by participant and distributor
    • Dual department signature required when participant is not available
  – Departmental approvers are responsible for verifying redacted documents. You must see the originals and make sure NU is protected

• Consequences for lack of proper documentation
  – Potential audit finding: if documentation is insufficient for audit, the charge will be moved off the grant and a finding may be cited.
Example of Documentation

Research Subject Fee Payment Confirmation

Protocol: ____________________________ Department: ____________________________
Chartstring (fund-department-project): ____________________________ Date: ____________________________

Distribution List:

<table>
<thead>
<tr>
<th>Card Type</th>
<th>Card #</th>
<th>Subject Id #</th>
<th>Amount</th>
<th>Date distributed</th>
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Method of Distribution (e.g., mailing or online distribution):

Certification:

We certify that the payments have been distributed to the research subjects identified above.

Title: ____________________________ Title: ____________________________
Printed Name: ____________________________ Printed Name: ____________________________
Signature: ____________________________ Signature: ____________________________
Date: ____________________________ Date: ____________________________

* Please note that 2 signatures are required from the department (unit) that distributed the cards.
Cash Payment Policies

• Cash payments are limited to $100 per calendar year (This includes currency and gift cards)
  - Any request for exception to the $100 cash payment rule needs to be clearly justified and made to Karen Spina (Associate Director, ASRSP)

  Note: Your office should discuss if a cash payment over $100 is truly necessary before reaching out.

• Payments exceeding the threshold should be processed as checks

• Employee payments that exceed the threshold should be processed via Payroll

• Faculty and staff should not use their own funds to pay HRS payments
  – They will be subject to tax liabilities
  – Reimbursement will not be easy, if allowed at all
Processes that help prevent fraud
Separation of Duties

• Separation of duties is the process by which no one person has sole control over the lifespan of a transaction.
• No one person should be able to initiate, record, authorize, and reconcile a transaction. (e.g. The person sending payments should not also be reconciling documentation.)
• In the case of HRS payments you should have 2 to 4 staff. Examples as follows:

2 Person Dept.

- Petty Cash Custodian
  • Orders, and Disperses Cash or gift cards
  • Prepares documentation

- Manager / Supervisor
  • Reviews Petty Cash/Reconciles it
  • Verifies documentation

3 Person Dept.

- Research Coordinator
  • Orders gift cards

- Financial Coordinator
  • Reconciles order to statement and verifies proper distribution

- Financial Coord. Supervisor
  • Reconciles/Reviews Petty Cash fund
Internal Controls Best Practices

• Each Dept. unit should brainstorm and decide how you will apply internal controls and manage the risk in your office.
• Make sure you address separation of duties
• Ask for help if you are not sure how to handle internal controls
• **Internal Controls Best Practices**
Internal Controls for Incentives

- Ensure all research subject incentives are obtained through appropriate university methods
- Ensure the intended use of subject incentives have appropriate approvals and is consistent with approved protocol, and sufficient funding is available
- Ensure subject incentives are picked-up or delivered in secure manner consistent with University guidelines
- Ensure subject incentives are safeguarded appropriately and those responsible for handling/distributing are properly trained
- Ensure tracking / inventory process in place to ensure amounts, types and whereabouts of funds are known
- Ensure appropriate evidence is collected. Maintain and provided on timely bases for all subject incentive distributions.
- Ensure subject incentive costs are charged appropriately to Award
- Ensure procurement inventory and distribution of all subject incentives are properly reconciles all errors resolved
Operating Controls

- Ensure IRB approval exists
- Know the cash handling polices at Northwestern
- Have documented procedures (in line with Northwestern policy) that clearly outline the details of local (unit) processes for obtaining and disbursing HRS payments
- Each Incentive request should be documented
- Ensure all requests for incentives are approved (happens at dept. level ASRSP not involved at approval request)
- Petty Cash or Gift Card Custodians should not be approvers of HRS payments
- Subject payments should be secured in a secure place, safe, locked cash box (in a secured drawer). Only authorized personnel should have access
- When mailing cash / cash equivalents, the process should involve two people (includes any electronic payments made)
- Have a tracking inventory or logging process to ensure all funds whereabouts of subject incentives are known
- Return unused cash/gift cards/checks that will not be used within 30 days.
- Keep good documentation/evidence of who your distributing funds to according to HRS payment policy
- Subject payments should be charged to the proper award within 30 days of distribution via cost transfer journal process
Monitoring Controls

• Petty Cash
  – If your dept. has a Petty Cash fund account, a “Surprise” audit should be conducted to verify accuracy of the fund, making sure that the amount of cash that should be there is there (or equivalent receipts)
  – Make sure there is more than one person approving request for petty cash.
  – Reminder: If you opened a petty cash fund on a chart string that closes (including competing continuations), you need to close the petty cash fund and open a new one.

• Make sure to reconcile your statement monthly and keep an eye out for items you don’t expect to see

• Separation of duties:
  – Person performing the reconciliation should not be responsible for the usage or distribution of the subject incentives
Handling exceptions and reporting fraud
Handling Leftover and “Lost” Items

• Gift Cards
  – Initially charged to a non-sponsored chart string and then costs are transferred (correction journal) to the grant ideally after distribution but…
  – If you find you were somehow able to charge a grant directly and you are left with unused/undistributed gift cards, return them and post credit to the grant
  – If gift cards cannot be returned, and a grant was charged post a credit to the grant and pay for them out of non-sponsored funds

• Parking Coupons
  – Make sure to set up a business process regarding buying and distributing parking coupons so that all purchased coupons are accounted for and charged properly
  – Example common problem:
    • Department buys 10 coupons, but only 2 are used for the grant. The others are “lost” (i.e. used by other projects or given away to staff.) However, one grant is charged for all 10.
    • In this scenario, the 8 unaccounted for coupons must be removed from the grant and charged to a non-sponsored chart string.
    • When departments seem unprepared when ASRSP asks for support documentation, it raises a red flag.
Unusual situations

If you have an unusual situation that may require an exception…

• Email GCFA with a **thorough justification** to help ASRSP and A/S make a sound decision
• Approvals will be on a case by case basis
• Some situations may require a review by OSR/ASRSP/Treasury Operations
• Request may not get approved - do NOT proceed without approval
Reporting and Documenting Fraud

• If you see or hear of any situation that requires attention, report it immediately
• Submit information through Northwestern’s EthicsPoint hotline
• Shortages and funds lost because of theft:
  – Must be reported to University Police
  – Must be fully documented
  – Must be paid by departmental funds: *Do NOT charge a grant for items that were stolen, lost or not used or*
Resources

ASRSP Contacts

- Kathy Mustea (312) 503-0862 (Presenter)

Approvers

- Jany Raskina (847) 491-4697
- Rosanna Sian (312) 503-0835
- Svetlana Kanev (847) 491-7838

Useful Links

- Human Subject Payment Policy
- IRB Payment/Reimbursement guidelines
- myHR Add Pay process
- Cash Handling Policy
- EthicsPoint
Questions?
Executive Director “Live Blog”

Shandra White, Executive Director, Sponsored Research
Executive Director “Live Blog”

• Executive Director's Vision:
  – Assess and Align Sponsored Research Activities, Processes and Roles
  – Sponsored Research Culture of Service, Collaboration, Innovation

• Plan:
  – Structured Communication
  – Advisory groups
  – Implementation teams (piloting, etc.)

• Sponsored Research Monthly Staff Meetings:
  – Yearly theme
  – Topics and presenters planned in advance
  – Propose topics you would like to see covered at these meetings.
Thank you for joining us!

Find monthly meeting presentations on the OSR website at: https://osr.northwestern.edu/training/presentations