



Research Participant Payments

Office of Sponsored Projects

August 2025

Office of Internal Audits
UT Austin's Agents of Change



OFFICE OF INTERNAL AUDITS
THE UNIVERSITY OF TEXAS AT AUSTIN

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Executive Summary

Research Participant Payments

Office of Sponsored Projects
Project Number: AUS25AS0011

Audit Objective

The overall objective of this audit was to evaluate The University of Texas at Austin (UT Austin) processes for managing payments to research participants. During engagement planning, we observed that the University has not established strong guidance or internal controls for various payment methods (e.g., electronic gift cards). As a result, we were unable to test controls for those methods and focused fieldwork on cash advance payments.

The objective for fieldwork was to determine whether processes to manage cash advances and reimbursements for research participant payments are effective for monitoring the approval, reporting, tracking, and reconciliation of these payments.

Conclusion

Overall, processes to manage certain research participant payments are not effective in monitoring the approval, reporting, tracking, and reconciliation of these payments. The process is highly complex with many different payment methods, is administered inconsistently, and has disparate sources of guidance for principal investigators.

However, processes specific to managing cash advances and reimbursements for research participant payments are effective.

Audit Observations¹

Recommendation	Risk Level	Estimated Implementation Date
Research Participant Payment Process	High	December 2026
Research Participant Payment Vendor Agreements	Medium	December 2026

Engagement Team

Ms. Autumn Gray, CIA, Assistant Director
Ms. Suzi Nelson, CPA, CIA, CISA, Principal Auditor
Mr. Anthony Orange, Auditor I
Mr. Alex Zhang, Auditor I

¹ Each observation has been ranked according to The University of Texas System Administration (UT System) Audit Risk Ranking guidelines. Please see the last page of the report for ranking definitions.



Detailed Audit Results

Observation #1 Research Participant Payment Process

The process of compensating research participants is highly complex, and there are different sources of guidance and payment methods available to principal investigators (PIs), leading to inconsistent administration of these payments. Because the administration and approvals of research participant payments is decentralized, reconciliations of payments are not consistently enforced when a method other than a cash advance is used. Further, the most commonly used method for compensating research participants, Tango Cards², is not monitored.

Notable Practices

Procurement and Payment Services consistently follows up with PIs and Research Administrators in the Colleges, Schools, and Units for cash advance reconciliation completion, and they provide detailed feedback and informal training when needed.

The University provides guidance for processing research participant payments; however, the guidance is inconsistent and outdated. The Handbook of Business Procedures³ (HBP) does not address modern participant payment options (e.g., Tango Cards, digital payment platforms), and portions of the policy are not regularly followed. Colleges, Schools, and Units (CSUs) offer varied participant payment guidance, such as necessary unit approvals and recommended payment options.

Specific examples of inconsistent/insufficient guidance and administration across campus include:

Fund Management and Accountability

- UT Austin typically deposits cash advances directly into a PIs personal bank account, mixing personal and University funds. This practice reduces the transparency of participant payments and contributes to fraud risks.
- PIs use payment methods that are not fully addressed in the HBP (e.g., Tango Cards, Venmo, PayPal) and create individual accounts for disbursing participant payments. These accounts are not accessible or reviewable by others. If a PI leaves the University, unreconciled or unused funds are not easily accessed or recovered.
- Other expenses, such as non-employee attendance at UT Austin-hosted conferences or training, are frequently recorded to the participant fees object code, creating difficulty in monitoring research participant payments.

Oversight and Compliance

- Tango Card and ProCard purchases are posted to sponsored project accounts without the approval of the Office of Sponsored Projects (OSP). Expenses could be unallowable, unreasonable, or allocated to a grant incorrectly.
- The University does not centrally monitor Tango Cards or ProCard gift card reconciliations and cannot verify payments or ensure unused funds are returned.

² Tango Cards are electronic gift cards. They accounted for approximately 45 percent of total research participant payments at the University from FY22 to FY25, as of February 10, 2025.

³ 9.1.7, *Advances for Research Subjects and Survey Participants*



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- CSUs-specific participant payment forms are outdated and contribute to inconsistent compliance with HBP 9.1.7.
- Procurement and Payment Services does not conduct audits of gift cards purchased with a ProCard as required by policy.

Updating and standardizing participant payment policies and methods would help CSUs manage payments more efficiently and provide stronger University oversight, reducing the risk of fraud, error, and noncompliance.

Management's Corrective Action Plan: OVPR and Procurement and Payment Services will collaborate to develop a standardized policy for research participant payments. The team will assess various payment methods to identify the most comprehensive coverage solutions. Key considerations include designating a long-term process owner, appointing a centralized administrator, implementing a robust transaction tracking system, and establishing consistent procedures for account creation and access. Additionally, pre-approval and reconciliation protocols will be reviewed. Coordination with executive leadership will help define corrective action responsibilities. Where appropriate, centrally managed contracts for these services will be established, ensuring that reporting capabilities and account access are integral components of all agreements.

Responsible Person: OVPR and FAS

- Associate Vice President for Research Administration, OVPR
- Interim Assistant Vice President for Finance, OVPR
- Interim Assistant Vice President, Procurement and Payment Services

Planned Implementation Date: December 31, 2026

Audit Action Plan: Because of risks associated with electronic gift cards, we will conduct a review of Tango Card transactions to determine whether any improper payments have occurred. Planning for this engagement will begin soon, at which time we will determine the sample size and communicate the scope of the review.

Observation #2 Research Participant Payment Vendor Agreements

PIs often use participant payment vendors that have not been through the procurement and contracting process, resulting in higher fees and less transparency of expended funds. These vendors are typically paid via ProCard or reimbursements at the CSU level, thus bypassing the contracting process.

For example, CSUs frequently use Prolific, a vendor for recruiting and managing survey participants, without a business contract in place. From FY22 to FY24, payments to Prolific totaled approximately \$346,000, averaging \$115,000 annually. This option incurs substantial fees, amounting to 33 percent of total payments, which potentially could be lowered through the procurement process.

Management's Corrective Action Plan: Research Administration will work in partnership with Procurement and Payment Services to leverage the competitive procurement process for



selecting the most suitable vendors. In addition, a review of existing contracts will be conducted. OVPR will work with CSUs (e.g., McCombs, Moody, etc.) to define specific program administration requirements. Procurement will manage the solicitation. The final contract will be provided by the OVPR.

Responsible Person: OVPR and FAS

- Associate Vice President for Research Administration, OVPR
- Interim Assistant Vice President of Finance, OVPR
- Interim Assistant Vice President, Procurement and Payment Services

Planned Implementation Date: December 31, 2026

Additional Risk Consideration

Cash advance reconciliations are recorded on spreadsheets and manually matched to the corresponding cash advances. Once UT Austin begins monitoring all research participant payment methods, the manual nature of the current process may impact policy adherence for timeliness, accuracy, and completion. Management should evaluate whether technology updates are necessary to provide efficient and prompt reconciliation of all payment methods.

Conclusion

Overall, processes to manage certain research participant payments are not effective in monitoring the approval, reporting, tracking and reconciliation of these payments. The process is highly complex with many different payment methods, is administered inconsistently, and has disparate sources of guidance for principal investigators. Centralized monitoring of research participant payment reconciliations is not established for all payment methods.

However, processes specific to managing cash advances and reimbursements for research participant payments are effective.

Table: Controls Assessment

Audit Objective	Controls Assessment
Overall objective: Evaluate processes for managing payments to research participants.	Not Effective with High and Medium Risk Opportunities
Determine whether processes to manage cash advances and reimbursements for research participant payments are effective for monitoring the approval, reporting, tracking, and reconciliation of these payments.	Effective



Background

Participant payments are low value compensation provided to individuals to encourage participation in research and are a common and generally accepted practice for sponsored research projects. Payments may include cash payouts, gift cards, or other minimal compensation.

University policy requires participant payments to be disbursed, documented, and reconciled within a six-month period of the initial cash advance or gift cards purchase. Reconciliations provide information necessary to validate that payments were appropriately made and for tax reporting purposes.

Participant payments have increased more than 40 percent from FY22 to FY24, with Tango Cards accounting for approximately 45 percent of all payments. Dell Medical School handles the largest share of research participant payments, accounting for about one-third of the University's total expenditures and transactions during the period. With Dell Medical School's future growth plans, participant payments are anticipated to grow as well. More details are provided in the Appendix.

Scope, Objectives, and Methodology

This audit was conducted in conformance with The Institute of Internal Auditors' Global Internal Audit Standards. Additionally, we conducted the audit in accordance with Generally Accepted Government Auditing Standards and meet the independence requirements for internal auditors. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions on our audit objectives.

The scope of this review included research participant payment transactions in fiscal year 2024. Specific audit objectives and the methodology to achieve the objectives are outlined in the table below.

Table: Objectives and Methodology

Audit Objective	Methodology
Evaluate processes for managing payments to research participants.	• Reviewed related policies and procedures. • Interviewed OSP; Financial and Administrative Services; Office of Research Support and Compliance (ORSC); Tax Services; and Procurement and Payment Services (PPS) personnel. • Reviewed contracts applicable to research participant payments.



	- Analyzed research participant payment activity. - Examined research participant payment activity logs.
Determine whether processes for managing cash advances and reimbursements for research participant payments are effective for monitoring the approval, reporting, tracking, and reconciliation of these payments.	- Reviewed related policies and procedures. - Interviewed OSP; ORSC; and PPS personnel. - Tested a judgmental sample of cash advances and reimbursements and related reconciliations. - Analyzed research participant payments to identify trends and the frequency of various payment method usage.

Criteria

- Handbook of Business Procedures, Part 8, *Business Contracts and Agreements*
- Handbook of Business Procedures 9.1.7, Expenditure Procedures, *Advances for Research Subjects and Survey Participants*
- IRB-GN102, *Guidance for Using Tango Cards for Research Participant Compensation*

Observation Risk Ranking

Audit observations are ranked according to the following definitions, consistent with UT System Audit Office guidance.

Risk Level	Definition
Priority	If not addressed immediately, has a high probability to directly impact achievement of a strategic or important operational objective of The University of Texas at Austin (UT Austin) or the UT System as a whole.
High	Considered to have a medium to high probability of adverse effects to UT Austin either as a whole or to a significant college/school/unit level.
Medium	Considered to have a low to medium probability of adverse effects to UT Austin either as a whole or to a college/school/unit level.
Low	Considered to have minimal probability of adverse effects to UT Austin either as a whole or to a college/school/unit level.

In accordance with directives from UT System Board of Regents, Internal Audits will perform follow-up procedures to confirm that audit recommendations have been implemented.



Report Submission

We appreciate the courtesies and cooperation extended throughout the audit.

Respectfully Submitted,

Sandy Jansen, CIA, CCSA, CRMA, Chief Audit Executive

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The University of Texas System Audit Office

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APPENDIX

Research Participant Payments by Type

Payment Type	FY22	FY23	FY24	Total by Type	Percent Grand Total	Percent Growth FY22-24
Tango	630,988	763,686	812,760	2,207,434	45.0	28.8
Cash Advance	351,998	356,232	380,110	1,088,340	22.2	8.0
ProCard	294,419	344,097	381,238	1,019,753	20.8	29.5
Reimbursements	294,042	184,065	306,373	784,480	16.0	4.2
Corrections/Adjustments*	(228,939)	(830)	30,780	(198,989)	(4.0)	113.4
Grand Total	\$1,342,508	\$1,647,250	\$1,911,261	\$4,901,018	100.0%	42.4%

* In FY22, there was an unusually high number of adjustments to reclassify payments from the research participant payment object code for tax reporting purposes.

Number of Transactions for Research Participant Payments by Payment Type

Payment Type	FY22	FY23	FY24	Total by Type	Total Percent	Percent Growth FY22-FY24
ProCard	915	1,008	1,657	3,580	33.6	81.1
Reimbursements	782	782	712	2,276	21.4	(9.0)
Corrections/Adjustments	846	496	729	2,071	19.5	(13.8)
Tango	508	587	542	1,637	15.4	6.7
Cash Advance	377	393	301	1,071	10.1	(20.2)
Total Transactions	3,428	3,266	3,941	10,635	100%	15.0%

Research Participant Payments by CSU FY22 – FY24

CSU	Amount	Percent of Total Amount	Number of Transactions	Percent of Total Transactions
Dell Medical School	1,643,252	33.5	3,927	36.9
School of Education	702,220	14.3	992	9.3
College of Liberal Arts	546,611	11.2	628	5.9
School of Social Work	407,122	8.3	684	6.4
McCombs School of Business	381,226	7.8	1,112	10.5
Moody College of Communications	285,485	5.8	691	6.6
Provost Office	230,070	4.7	188	1.8
College of Natural Sciences	168,613	3.4	631	5.9
Cockrell School of Engineering	159,318	3.3	555	5.2
School of Nursing	150,261	3.1	355	3.3
Other CSUs	226,840	4.6	872	8.2
Total Payments	\$4,901,018	100.0%	10,635	100.0%