

ADMINISTRATIVE POLICIES AND PROCEDURES MANUAL PAYMENT FOR RESEARCH PARTICIPATION¹

POLICY AND PROCEDURES FOR THE PAYMENT OF RESEARCH SUBJECTS

This policy details the process for the payment of compensation to human subjects participating in research projects at DePauw University. University faculty and staff have the legal obligation to both maintain confidentiality of individuals who take part in University research studies and satisfy the demands of financial accountability. Therefore, this payment process has been designed to maintain research subject confidentiality to the extent possible under the law, while meeting Internal Revenue Service (IRS) reporting requirements and conforming to the University's standard accounting and payment practices. This policy and the associated procedures are administered by the Office of Academic Affairs in conjunction with the Business Office.

Process Goals

The method of compensation set forth in this document is designed to achieve the following goals:

- Ensure the confidentiality of research participants.
- Provide timely, convenient compensation to participants to facilitate, not hinder, the study.
- Provide sufficient financial documentation for the University's records and for IRS purposes.
- Provide sufficient documentation that compensation was provided to research subjects as incentive to participate in a study.
- Ensure that appropriate internal controls and adequate safeguards exist for items of value used to compensate, whether cash, checks, or other.

Organizational Responsibilities

The Principal Investigator (PI) is responsible for the justification of subject compensation in the research protocol that must be submitted, reviewed, and approved by the **Institutional Review Board (IRB)** prior to performing the research. The protocol must specify the amount of payment and the proposed method and timing of disbursement of all payments. The PI is also responsible for the accountability of funds received and disbursed to research participants.

The Academic Affairs Office is charged with the responsibility for oversight and approval of payments to research subjects from University administered funds. The Academic Affairs Office is responsible for working closely with the Business Office to ensure that all financial records and reporting meet the highest standards of financial accountability and are allowable on the specific sponsored program contracts and grants.

Limitations, Restrictions, and Special Considerations

1. Prior Approval

Any research project that will include human subject payments must have the prior approval of the Institutional Review Board and the Office of Academic Affairs.

2. IRS Regulations

The Internal Revenue Service (IRS) requires human subject payments aggregating \$600 or more paid to an individual during a calendar year to be reported on Form 1099-MISC, Miscellaneous

¹ Policy effective September 20, 2013

Income. Aggregate payments to subjects in approved studies must be carefully tracked to ensure compliance with this requirement, which will be done by the Office of Academic Affairs.

3. Payments to DePauw Employees

Any payments to subjects who are DePauw employees (including student workers) must be processed through payroll and reported to the IRS as W-2 wages *unless the services performed are dissimilar to the services performed in the employee's regular job*. Payments that are similar to the employee's regular job are subject to income tax and other withholdings as applicable. If the services performed are dissimilar, the payments should be processed in accordance with policies for non-DePauw employees.

4. Payments to Non-Resident Foreign Nationals

There are various tax and policy issues that must be addressed regarding payments to known non-resident foreign nationals (including foreign students). Payments made to Human Subjects who are nonresident nationals less than \$50 should be paid through policies and procedures in this policy. ***Researchers anticipating payments to non-resident foreign nationals in excess of \$50 should contact the Academic Affairs Office for guidance prior to making such payments.***

Forms of Payment:

There are three types of payments that may, if approved by the Academic Affairs Office, be used as incentives for participating in research as a subject.

a. Gift Cards & Gift Certificates

Using negotiable items, such as gift cards or gift certificates, requires very strict accountability. The IRS considers gift cards/certificates to be cash equivalents; thus, the same tax issues apply to these as with cash payment. Therefore, these negotiable items must be treated like cash, and PIs are accountable for their safekeeping and appropriate documentation of their distribution to subjects. Also, PIs must obtain gift cards and gift certificates through the Office of Academic Affairs. See the "Procedures – Cash, Gift Cards, & Gift Certificates" for further information.

b. Cash

PIs may obtain a cash advance from the Office of Academic Affairs. Each research project Payment Voucher request may not exceed the sum of \$500 without the approval of the Associate Vice President for Finance and Administration. See the "Procedures – Cash, Gift Cards, & Gift Certificates" for further information.

c. Payments via University Check

Subjects may be paid by issuing a check request within e-Services. For studies that anticipate payment to subjects via University check, the following information must be included in the informed consent: *"Personal information about me, including my name, address, and social security number, may be released to the University for the purpose of payment and for tax reporting to the Internal Revenue Service (IRS), if necessary."* Note that before a new vendor (in this case, "vendor" refers to the research participant) will be added, a Form W-9 must be obtained. Accordingly, issuing a University check to a research subject might present a confidentiality issue and care should be exercised to avoid a breach in confidentiality in this case.

Procedures – Cash, Gift Cards, & Gift Certificates

1. PIs must request cash, gift cards, & gift certificates from the Office of Academic Affairs in the research protocol submitted to the IRB. The information should include the nature of the research, anticipated dates, numbers of subjects, method of payment (cash, gift certificate, tangible items, or checks) and amounts to be paid. The schedule is for planning purposes only.

2. During the conduct of the research, PIs need to record the subject's name, date, amount of payment, and signature of the recipient on the *Participant Payment Record form*. ***This form is a formal financial record and should be returned to the Academic Affairs Office once the project is completed.***
3. If the study has ended and all of the allocated funds have not been paid to subjects, the balance must be returned for re-deposit into the account. If the study is to continue and additional funding is needed, the existing cash advance or gift card/certificate amount must be reconciled prior to the release of the additional funds.

Procedures – Payments by University Check (this option will only be used if you are not paying subjects by cash, gift card, or gift certificates)

1. PIs must complete an "Expense Request" within e-Services. For the request type, please select "Payments for Goods or Services." This form should be signed by the PI and include the payee name and address, nature of the research, anticipated dates and amount to be paid.
2. During the conduct of the research, PIs need to record the subject's name, date, amount of payment, and signature of the recipient on the *Participant Payment Record form*. This form should be turned in to Academic Affairs after the project is completed. A copy of this form should be attached to the e-Services "Expense Request" form.
3. Once the study has completed, a copy of all Participant Payment Records should be forwarded to the Office of Academic Affairs.

Annual Reporting to the Business Office

Each calendar year by January 15th, the Office of Academic Affairs will send a list of all payments made during the previous year to the Business Office to determine whether issuing a 1099-MISC forms are required. Along with the research subject payments, the University might have other 1099-MISC qualified items that have been processed by the Business Office.