The University of Georgia

Controller's Office
Contracts and Grants Division

TO: Deans, Directors and Department Heads

FROM: Pamela Ray, Director PR

DATE: October 21, 2009

SUBJECT: Revised Participant Incentive Payment Policy and Procedure

Please find attached the revised Research Participant Incentive Payment Policy and newly created Research Participant Incentive Payment Procedure documents. Distribute to your research faculty and administrative support staff as appropriate.

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Research Participant Incentive Payment Policy

Who should know this policy? – Any individuals on campus who will make incentive or pre-incentive payments to human subjects for research participation in IRB-approved studies or participation in other creative studies.

Purpose of the policy – To define the requirements for incentive or pre-incentive payments made to research participants in IRB-approved studies or participation in other creative studies.

Definitions: IRS – Internal Revenue Service
IRB – Institutional Review Board
1099 – Miscellaneous Income Form

Policy

The University often conducts research where there is a requirement to obtain participation of and/or responses from individuals. Researchers frequently find it necessary to offer incentives in order to obtain sufficient participation. These incentives may be in the form of cash, checks, gift cards or non-monetary items. All payments are subject to tax laws. The University is required by IRS regulations to submit 1099 forms for all participants paid $600 or more per calendar year and must also adhere to the uniform administrative requirements set forth in OMB A-110.

The Research Participant Incentive Policy has been in practice since the 1980's. The original policy placed a $50 threshold on payments to human subject participants without requiring social security numbers for tax purposes; required payments to employees be processed as extra compensation (payroll); and required all payments to non-resident aliens, regardless of dollar amount, be processed by check request.

In order to meet the increasing needs of the research community, minimize the administrative burden, and comply with federal reporting requirements, the original policy was revised and the following guidelines provided:

▪ Subjects are defined as individuals who participate in research, and include but are not limited to individuals from the community or local schools; UGA employees, students, or retirees; and non-resident aliens.

▪ Participant payments should be detailed in the sponsor-approved budget, if they are to be paid from sponsored accounts.

▪ A subject receiving an incentive payment of $100 or less is not required to provide his/her social security number unless the Principal Investigator anticipates that the subject will receive subsequent incentive payments that will total $600 or more during the calendar year.

▪ A subject receiving an incentive payment in excess of $100 is required to provide his/her social security number. The only exception to this requirement is for a subject participating in a study where the IRB has approved a waiver of signed consent form according to 45 CFR 46.117(c)(1)(i.e., that the consent form is the only record linking the subject to the research and the principal risk would be potential harm resulting from a breach of confidentiality. Refer to http://www.hhs.gov/ohrp/humansubjects/guidance/45cfr46.htm#46.117. Non-resident alien participants will be subject to 30% tax withholding unless they are participating in studies with an IRB approved waiver of signed consent form as described above.

▪ Methods of incentive payments regardless of amount include:

Cash
Check
Gift Cards
Non-monetary items (T-shirts, books, etc.)

Research Participant Incentive Payment Procedure

Purpose:

The University often conducts research where there is a requirement to obtain participation and/or collect information from participants. These participants may include any individual necessary for the research being conducted, i.e. external individuals, UGA employees, students, retirees, non-resident aliens, etc. Researchers frequently find it necessary to offer incentives in order to obtain sufficient participation. These incentives may be in the form of cash, gift cards, checks, or non-monetary items and are subject to Internal Revenue tax laws. There are specific rules that must be followed in order for the university to remain in compliance. In order to meet the needs of the research community, minimize the administrative burden, and comply with federal and tax reporting requirements, the following guidelines for choosing and processing a method of payment, as well as recordkeeping requirements, are provided.

Guidelines for choosing method of payment:

The researcher has several payment options available for incentive payments:

Cash (includes cash and checks from a petty cash account)
Gift Card
Check (includes checks processed through Accounts Payable via UGA check request)
Non-monetary items (T-shirts, books, etc.)

Depending on the amount and method of payment, the following conditions and requirements apply:

1. Participant receiving an incentive payment of **$100 or less**.
   A. Cash or Gift Card payment: No collection of the participant's social security number is required <u>unless</u> the researcher anticipates that the participant will receive incentive payments, from all sources, totaling $600 or more during the calendar year.
   B. Check payment: No collection of the participant's social security number is required <u>unless</u> the researcher anticipates that the participant will receive incentive payments, from all sources, totaling $600 or more during the calendar year.
   C. Non-monetary items: No collection of the participant's social security number is required <u>unless</u> the researcher anticipates that the participant will receive incentive payments, from all sources, totaling $600 or more during the calendar year.

2. Participant receiving an incentive payment **over $100**:
    A. Cash or Gift Card payments: The participant is required to provide his/her social security number except when participating in a study where the IRB has approved a waiver of a signed consent according to 45 CFR 46.117(c)(1)(i.e. that the consent form is the only record linking the subject to the research and the principal risk would be potential harm resulting from a breach of confidentiality). Refer to http://www.hhs.gov/ohrp/humansubjects/guidance/45cfr46.htm#46.117

       Non-resident alien participants will be subject to 30% tax withholding except when participating in a study where the IRB has approved a waiver of a signed consent according to 45 CFR 46.117(c)(1)(i.e. that the consent form is the only record linking the subject to the research and the principal risk would be potential harm resulting from a breach of confidentiality). Refer to http://www.hhs.gov/ohrp/humansubjects/guidance/45cfr46.htm#46.117

    B. Check payment: The participant is required to provide his/her social security number except when participating in a study where the IRB has approved a waiver of signed consent according to 45 CFR 46.117(c)(1)(i.e. that the consent form is the only record linking the subject to the research and the principal risk would be potential harm resulting from a breach of confidentiality). Refer to http://www.hhs.gov/ohrp/humansubjects/guidance/45cfr46.htm#46.117

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    C. Non-monetary items: The participant is required to provide his/her social security number except when participating in a study where the IRB has approved a waiver of signed consent according to 45 CFR 46.117(c)(1)(i.e. that the consent form is the only record linking the subject to the research and the principal risk would be potential harm resulting from a breach of confidentiality). Refer to http://www.hhs.gov/ohrp/humansubjects/guidance/45cfr46.htm#46.117

3. Incentive payments being paid from restricted (i.e., sponsored) accounts should be detailed in the sponsor approved budget. Contact the Contracts and Grants Division at 706-227-7222 for assistance.

University processes for payment methods

1. Cash payments:

Step 1: Establish a petty cash fund

Complete the Application for Research Participant Compensation Fund located at http://www.busfin.uga.edu/forms/compensation_fund.pdf. Submit the completed form to the Bursar's Office with a letter of explanation, signed by the department head/dean/director and the fund's custodian, regarding the purpose of the fund and an analysis justifying the dollar amount requested.

The petty cash custodian must follow the appropriate guidelines necessary for effective petty cash management. These guidelines include but are not limited to the following:

A. establishing a bank account from which you can obtain cash or write checks to provide payments according to the petty cash policy
B. providing a written reconciliation of the fund to the Bursar's office periodically and at the end of the study;
C. ensuring the safety and security of the fund;
D. holding the fund account separately from all other accounts and not commingling personal funds with the petty cash funds;
E. ensuring that expenditures from the fund comply with all legal and regulatory requirements, and university policies; and
F. promptly cooperating with the Internal Auditing Division during periodic physical audits.

Step 2: Disburse and record cash payments

There should be a dated, chronological record of the original entry for each individual payment. Any method is acceptable for payments of $100 or less, as long as an audit trail is maintained. Examples include receipt forms or a cash journal/log.

- For incentive payments of $100 **or less**, a log may be used with a minimum of the participant name **or** identifying number, amount of incentive received, and the participant's signature **or** check mark (no signature). If no participant signatures are obtained, the Principal Investigator must sign the log as documentation that the payments were disbursed. An example log form may be found at:

  http://www.busfin.uga.edu/forms/Log_ResearchParticipantPayment.pdf

  In lieu of the log form, the following receipt form may also be used for recording the payment of $100 or less:

  http://www.busfin.uga.edu/forms/Research_Participant_Receipt_under.pdf

- For incentive payments **over** $100, the following receipt form **must** be completed:

  http://www.busfin.uga.edu/forms/Research_Participant_Receipt_over.pdf

Step 3: Reimburse petty cash

Reconcile the petty cash account and attach log or appropriate receipt to the petty cash voucher for reimbursement and forward to the Accounts Payable Division

For additional information, refer to the Petty Cash and Change Funds Policy at http://askuga.uga.edu/default.asp?id=1400&SID=&Lang=1 and the Petty Cash and Cash Purchases procedure at http://askuga.uga.edu/default.asp?id=1459&Lang=1&SID.

If additional assistance is needed, contact the Bursar's Office Division at 706-542-1625 or the Accounts Payable Division at 706-542-2786.

2. Gift card payments:

Step 1: Establish a petty cash fund

Complete the Application for Research Participant Compensation Fund located at http://www.busfin.uga.edu/forms/compensation_fund.pdf to obtain gift cards. Submit the completed form to the Bursar's Office with a letter of explanation, signed by the department head/dean/director and the fund's custodian, regarding the purpose of the fund and an analysis justifying the dollar amount requested.

WalMart gift cards are available through the Bursar's Office Division. Allow 4 months to obtain gift cards from other vendors.

The petty cash custodian must follow the appropriate guidelines necessary for effective petty cash management. These guidelines include but are not limited to the following:

A. establishing a bank account from which you can obtain cash or write checks to provide payments according to the petty cash policy
B. providing a written reconciliation of the fund to the Bursar's office periodically and at the end of the study;
C. ensuring the safety and security of the fund;
D. holding the fund account separately from all other accounts and not commingling personal funds with the petty cash funds;
E. ensuring that expenditures from the fund comply with all legal and regulatory requirements, and university policies; and
F. promptly cooperating with the Internal Auditing Division during periodic physical audits.

Step 2: Disburse and record gift card distributions

There should be a dated, chronological record of the original entry for each individual payment. Any method is acceptable for payments of $100 or less, as long as an audit trail is maintained. Examples include receipt forms or a gift card journal/log.

- For incentive payments of $100 **or less**, a log may be used with a minimum of the participant name **or** identifying number, amount of incentive received, and the participant's signature **or** check mark (no signature). If no participant signatures are obtained, the Principal Investigator must sign the log as documentation that the payments were disbursed. An example log form may be found at:

  http://www.busfin.uga.edu/forms/Log_ResearchParticipantPayment.pdf

  In lieu of the log form, the following receipt form may also be used for recording the payment of $100 or less:

  http://www.busfin.uga.edu/forms/Research_Participant_Receipt_under.pdf

- For incentive payments **over** $100, the following receipt form must be completed:

  http://www.busfin.uga.edu/forms/Research_Participant_Receipt_over.pdf

Step 3: Reimburse petty cash

Reconcile the petty cash account and attach log or receipt to the petty cash voucher for reimbursement and forward to the Bursar's Office.

For additional information, refer to the Petty Cash and Change Funds policy at http://askuga.uga.edu/default.asp?id=1400&SID=&Lang=1 and the Petty Cash and Cash Purchases procedure at http://askuga.uga.edu/default.asp?id=1459&Lang=1&SID.

If additional assistance is needed, contact the Bursar's Office Division at 706-542-1625.

3. Check payments:

There are two methods you may use to make a research participant's incentive payment by check. The first method is through a check written from a petty cash account (the procedures for issuing a check via this method are outlined in item 1: Cash Payments above). The second method is to initiate a check request through the Procurement Department following the Electronic Check Request procedure at . http://askuga.uga.edu/default.asp?id=1447&Lang=1&SID=. For additional information regarding the Electronic Check Request policies and procedures, see the AskUGA Frequently Asked Questions section on this topic at http://askuga.uga.edu/default.asp?id=1522&Lang=1&SID.

If additional assistance is needed, contact the Procurement Department at 706-542-7066 regarding check requests or the Bursar's Office Division at 706-542-1625 regarding petty cash.

4. Non-monetary items:

Non-monetary items (T-shirts, books, etc.) are acquired by the research unit. Regardless of the method by which the research unit obtains non-monetary items for use as incentive payments to research participants, these items are considered payments and must be tracked. Likewise, reasonable measures must be in place to safeguard and secure the non-monetary items.

Step 1: Obtain non-monetary items

Non-monetary items may be obtained either through a petty cash account or purchase order. The procedures for establishing and using a petty cash account are the same as Step 1 under Item 1: Cash Payments above. The procedures for purchase orders may be found at the Procurement Division website http://www.busfin.uga.edu/procurement/proentry.html.

Step 2: Disburse and record non-monetary gift distributions

There should be a dated, chronological record of the original entry for each individual payment of a non-monetary item. Any method is acceptable for such payments valued at $100 or less, as long as an audit trail is maintained. Examples include receipt forms or a journal/log.

- For incentive payments valued at $100 **or less**, a log may be used with a minimum of the participant name **or** identifying number, amount of incentive received, and the participant's signature **or** check mark (no signature). If no participant signatures are obtained, the Principal Investigator must sign the log as documentation that the payments were disbursed (i.e., non-monetary items were distributed). An example log form may be found at:

  http://www.busfin.uga.edu/forms/Log_ResearchParticipantPayment.pdf

  In lieu of the log form, the following receipt form may also be used for recording the payment of $100 or less:

  http://www.busfin.uga.edu/forms/Research_Participant_Receipt_under.pdf

- For incentive payments valued **over** $100, the following receipt form must be completed:

  http://www.busfin.uga.edu/forms/Research_Participant_Receipt_over.pdf

Step 3: Reconcile appropriate accounts

Reconcile account(s) from which non-monetary items were obtained. If paid by a petty cash account, attach purchase receipt and disbursement log/receipt to the petty cash voucher for reimbursement and forward to the Bursar's office. If paid by purchase order, retain log/receipt until the participant total incentive exceeds $600 for the calendar year. These receipts should be then forwarded to Accounts Payable for IRS tax reporting.

For additional information, refer to the Petty Cash and Change Funds policy at http://askuga.uga.edu/default.asp?id=1400&SID=&Lang=1 and the Petty Cash and Cash Purchases procedure at http://askuga.uga.edu/default.asp?id=1459&Lang=1&SID and the Procurement Department Procedure at http://www.busfin.uga.edu/procurement/proentry.html.

If additional assistance is needed, contact the Bursar's Office Division at 706-542-1625 regarding petty cash and the Procurement Department at 706-542-7066 regarding purchase orders.

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