University of Missouri System
Accounting Policies and Procedures

Policy Number: APM-60.50

Policy Name: <u>Payments to Research Study Participants</u>

General Policy and Procedure Overview:

This policy provides authoritative guidance regarding issuing payments to research study participants. This policy presents the guidelines for issuing and controlling payments.

Definition of Key Terms:

Cash - Currency or specie.

Participants - Individuals who agree to participate in an event or program funded under a sponsored agreement and who will receive a payment for their participation as allowed by the programmatic guidelines and approved by the funding agency. These individuals are the objects of a human subject study, but they are not contributors to the program objectives; and their contribution in and of itself does not constitute an employee-employer relationship, consultant relationship, or service provider relationship.

Detail Policy and Procedure:

All payments to human participants are treated with utmost confidentiality. Research studies often involve individuals who participate in the study. As needed, participants may be compensated for their participation. The method of compensation should be designed to:

- Ensure the confidentiality of research participants
- Provide timely, convenient compensation to participants to facilitate, not hinder, the study
- Record compensation in the accounting system for both financial records and IRS Form 1099 purposes
- Document that compensation was for participation in a study
- Ensure appropriate internal controls and adequate safeguards exist for items of value used to compensate, whether cash, checks or other

DETERMINING METHOD OF COMPENSATION

The method of compensation must be approved by Accounting Services **before** the research begins and should take into account the following:

- Confidentiality
- Nature and subject matter of the study
- Dollar amount and time period of payments
- Variability in the amount of payments

- Number of payments and participants involved in the study
- Location of the study
- Whether participant is employee or student

Contact the campus accounting office for policies and procedures related to payments to research study participants.

If the ChartField string contains a ProjectID, consult the accountant in the SPO to ensure that the award allows this type of payment. All expenditures related to the research project, including payment to participants, will be reviewed by the SPO for reasonableness.

Note: **Accounting Services approval is in addition to any other approvals**, such as Institutional Review Board or Sponsored Program Office (SPO).

AVAILABLE METHODS OF COMPENSATION

The preferred method to compensate research participants is by issuing a payment through the accounts payable process. When this option is not feasible, departments may use non-cash items such as credits to student accounts or items of value such as University gift certificates or vendor gift cards or cash. If funds are paid to a student or credited to a student's account, this information must be communicated to the Financial Aid Office.

See Accounting Services Policies and Procedures for Human Research Accounts Payable Procedures for information on the types of payments related to participants. The types of payments to participants may include:

- Payment directly to participant.
- Reimbursement to a participant, such as mileage.
- Paying expenses associated with participant, such as hotel or rental car.

On each study involving confidential payments, the department chair needs to submit a letter to Accounting Services that provides the following:

- He/she is aware that the department is responsible for keeping the required documentation for "Study XYZ" in the department, rather than following the normal University process of sending required documentation to Accounting Services.
- The ChartField string for the Project
- Who is authorized to sign vouchers for this Project
- The Chair's original signature

A copy of the letter must accompany each voucher (when multiple vouchers for the same study are sent over together, one copy of the letter can be sent). Accounting Services detaches the letter so it is not filed with the voucher.

To ensure that adequate internal control standards are met, a payment issued to reimburse expenses is delivered directly to the payee. Payments are not delivered to any of the individuals involved in the approval or payment preparation process.

NON-CASH ITEMS

A variety of non-cash items, such as credits to student accounts, gift certificates from University business and gift cards from merchants are available to compensate research participants. The department should contact the Cashiers and Financial Aid Offices regarding student credits. For other items, the department should use University processes or a Purchasing Card to buy these items, but they must maintain documentation of the actual distribution of the items. See "Control and Distribution of Non-Cash Items and Cash" below.

CASH

For some studies, it is not feasible or practical to issue University checks, usually because payment needs to be made at the time of participation (e.g., individuals may not participate if they must wait for payment) and the information to draw a check is not available, for example:

- The participants are not known in advance
- The amount to be paid to the participants is not known in advance (e.g., the payment varies depending on what the participant agrees to do)
- Participants are paid a nominal amount

To obtain cash for use in paying research participants a Non-PO Voucher should be created. The voucher should be payable to the campus Cashier's Office and coded to record an expense directly to the research project. In addition to the other record keeping, obtaining the payment under this method also requires the reconciliation of funds at the end of each grant period and at the fiscal year end of the University. If funds remain at the end of the grant period or at the end of the fiscal year they should be returned to the Cashiers Office and recorded as a reduction to the research project expense. When a department handles cash in providing payments to participants, funds must be secured and handled in accordance with the policies and procedures established for Controlling Cash Funds (CRM 604).

CONTROL AND DISTRIBUTION OF NON-CASH ITEMS AND CASH

Non-cash items should be controlled similar to cash using an approach to ensure that the items are secured and used for their intended purpose. Please consult the Cash Receipts Manual for guidance. For non-cash items and cash, the department must create control procedures like those described below and as suggested in the Cash Receipts Manual.

1. Establish a purchase, documentation and distribution process, approved by the department Chair, the division fiscal officer and Accounting Services before obtaining cash or purchasing any items.
2. Keep a record of the cash or the number of items purchased and any control numbers.
3. Keep the cash/items locked in a secure location.
4. Establish a plan of how you will control and monitor the distribution of the cash/items. Regarding distribution of the cash/items, obtain a signed receipt where feasible (when not feasible, document why). When items are sent to participants, two people should be involved in the process to ensure the item is appropriately transmitted for each compensated event.
5. Assign someone other than those involved in the research, the responsibility of following up and verifying that the cash/items were distributed and accounted for. The responsible person should audit the completed activities related to the compensation, and account for the number of items used.
6. When the items are paid by Purchasing Card, documentation on the distribution of the items must be kept with the Purchasing Card files. In addition, in PaymentNet, show in

Transaction Notes that the purchased items were used to compensate research participants (without naming individuals).

7. In projects where you cannot obtain the appropriate information/documentation from participants (see “Receipts” below) because it would inhibit the researcher finding participants, you must have documented approval of the departmental chair indicating that they understand that required information will not be collected on the study. This approval from the department chair is to be forwarded to the Director of Accounting.

RECEIPTS

Unless otherwise approved by the Director of Accounting, all research compensation by cash or item of value must be documented in writing, as follows:

- Receipts should include the participant's name, address, social security number, and the amount and date of payment.
- Receipts should be signed in ink by the participant.
- If any of the receipts are incomplete or not signed in ink, the department Chair must approve the receipt.

REPORTING COMPENSATION TO IRS

Departments need to maintain records on any cash or non-cash compensation provided unless the transaction is recorded in the accounting system in sufficient detail to enable tracking for 1099 reporting purposes. The department must maintain a spreadsheet with required 1099 information, such as name, permanent mailing address, social security number, and the payment amount. Departments should submit this information to Accounting Services at the conclusion of the study. If the study continues after December 31, the information available should be sent to Accounting Services by January 4 of the following year.

Responsibility

Principal Investigator

- Ensure confidentiality and proper protocol procedures are followed.

Department/School

- Work with Accounting Services to determine method of compensation.
- Establish a purchase, documentation, and distribution process that is approved by the department chair, the division fiscal officer, and Accounting Services.
- Initiate transactions, maintain records, reconcile, and complete related reports.

Cashier’s Office

- Cash vendor checks issued to Campus Cashier’s Office for the research study.

Campus Accounting Office

- Work with Department/School to determine method of compensation.
- Work with Department/School in establishing a purchase, documentation and distribution process that is approved by the department chair, the division fiscal officer, and Accounting Services.
- Process Non-PO Vouchers.
- Monitor cash advances.

Sponsored Program Office

- Approval of research payments for grant related items.

Effective Date: July 1, 2006
Revised Date: December 14, 2007

Questions and Comments?

Any questions regarding the approved Accounting Policy and Procedure should be directed to the Controller's Office, 118 University Hall, Columbia MO 65211, phone 573-882-4286.