

Human Subject Payments

Effective Date: October 25, 2022
Function: Accounts Payable
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Procedure Summary

Federal and state regulations require that all sponsored program activities that involve human subjects be reviewed and approved by an Institutional Review Board (IRB). When payments to subjects are involved, the IRB is responsible for determining the appropriateness and timing of payments consistent with protection of subject confidentiality.

Payments to human research subjects are considered "other" income and, as such, are subject to Internal Revenue Service (IRS) requirements for reporting.

Procedure

Consent Forms

When an IRB approves payment for a human subject activity, the Consent Form distributed to each subject must include:

A determination of the recipients IRS Residency for Tax Purposes and
Information regarding the Internal Revenue Service requirements for reporting

Refer to IRS site [Determine Alien Tax Status](#).

Indicate status:

1. U.S. Citizen
2. Resident Alien (Green Card or meet SPT test)
3. Nonresident Alien
*IMPORTANT – Nonresident aliens must be paid in RF AP business system to withhold 30%

The following statement must also be included in the Consent Form:

"By accepting payment(s) for participating in this study, certain identifying information about you may be made available to professional auditors to satisfy federal and state reporting requirements, but confidentially will be preserved. Research subject amounts are reported as "Other" income to the IRS."

- If you are a U.S. Citizen or Resident Alien for tax purposes and receive \$600 or more in a calendar year, the RF must report the amount in box 3 "Other" income on IRS form 1099-MISC
- If you are a Nonresident Alien (NRA) for tax purpose – research subject payments are subject to 30% withholding and the RF must withhold and report the payments and tax on IRS form 1042-S, therefore NRA payments must be paid through the RF business systems to withhold tax. You should consult with a tax advisor on the impact for filing federal and/or state tax returns.
If it is anticipated that a U.S. Citizen or Resident Alien research subject will receive payment of \$600 or more during the calendar year, include space for the subject's full legal name, address, and social security number. Space should be provided for the subject to sign and date the Consent Form.

The project director must retain all signed and dated Consent Forms.

Payment Methods

There are several methods that can be used to make human subject payments.

- fees may be paid through the accounts payable module by entering a direct invoice for each subject fee paid (payment methods this route include check and ACH) – REQUIRED for Nonresident Aliens

- the project director can establish a cash fund and make cash payments to subjects (signed receipt should be obtained from the individual receiving cash), or
- the project director can establish a corporate checking account (min. \$1,000) with project funds and issue checks from this account. The project director must be on the Supplier File to draw a check to fund the checking account. Refer to "Supplier File Overview" for more information. Each method is described in the blocks that follow.
- Greenphire ClinCard Program. This program allows for campuses to enter studies into the Greenphire tool and pay subjects via a gift card (either physical or virtual).

Payment Through the Accounts Payable Module

A standard vendor payment can be made to a research human subject for any amount and must be used when the subject is a nonresident alien. U.S. Citizen and Resident Alien payments exceeding \$100 are normally processed this way. Standard vendor payments provide an audit trail that properly documents payments, meets sponsor and IRS requirements, and complies with generally accepted accounting principles. Refer to [Invoice and Payment Process](#) for more information.

Excluding use with nonresident aliens the other alternate payment methods can be used when there is a concern about confidentiality and the payments will be \$100 or less per visit.

Cash Fund

The project director must submit a request to establish a cash fund. All requests must be reviewed and approved by the operations manager/designee. Upon approval, the operating location office responsible for accounts payable processes an invoice to produce a check to the project director from petty cash or the project director's sponsored program award. The check must be issued using the GNS Subject Costs Expenditure Type.

The project director cashes the check and uses the funds to pay human research subjects for amounts of \$100 or less per visit, unless a higher limit is approved by the operations manager/designee (see "Alternate Payment Methods"). Advanced funds should never be deposited into personal bank accounts. Cash should be secured in a lockbox with restricted access. Recommend no more than a ninety day cash fund be kept in the lockbox, along with a maintained and current log of cash additions and disbursements. As the cash reserves are expended or upon request by the project director, additional funds from the sponsored program award or from petty cash should be made available for human subject payments as long as prior cash advanced is reconciled. If the PI does not have approval to operate a cash fund, they should be instructed to open a corporate checking account in the name of the Research Foundation.

Refer to [Establishing and Maintaining Campus Bank Accounts and Petty Cash Funds](#) for more information on petty cash.

Corporate Checking Account

Establishing the Account

To establish a corporate checking account for human research subject payments, the operations manager must submit a request to Central Office Treasury. Refer to [Establishing and Maintaining Campus Bank Accounts and Petty Cash Funds](#).

Bank Fees and Interest Accruals

All bank fees related to the account are the responsibility of the operating location. Bank fees may be paid from the sponsored program award if allowed by the sponsor. Interest in excess of the bank fees should be deposited to an operating location income award or sponsored program award, depending on sponsor regulations regarding income.

Issuing Checks

Based on the project director's request, a check may be issued from the project director's sponsored program award. The project director deposits the check into the separate corporate checking account and issues checks to human subjects from this account (payments must not exceed \$100 per visit, unless a higher amount is approved by the operations manager. (See "Alternate Payment Methods"). Funds to replenish the account may come from the sponsored program award or from petty cash.

Cash and Check Account Review Procedure

A review must be performed to maintain proper control over the cash or check payment process (reviewer can vary by campus location depending on business processes)

When the Review Must Be Done

For cash accounts, this review must be done periodically but no less frequently. For checking accounts, this review must be done monthly.

Review Process

The following table outlines necessary steps to take:

Step	Role or Responsibility	References or Tips
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Obtain documentation that indicates the number of subjects who received payment and the amount of each payment. This documentation must be signed by the project director to certify that the documentation is correct. For checking accounts, a copy of the bank statement and the bank reconciliation should also be obtained. Note: It is not necessary for the project director to provide the names of the human subjects.	Campus	
Review the documentation to ensure that: - subjects did not receive more than \$100 per visit. - the project director signed to certify the accuracy of the documentation. - a copy of the cash or checking account reconciliation is included and approved and that the reconciliation is correct.	Campus	
If a human research subject is paid \$600 or more in one calendar year, obtain the necessary information from the project director for production of a manual 1099-MISC form by the Employee Services department at central office.	Campus	

Controls Over Cash and Checks

The project director must maintain proper controls over cash and checks, including security controls (such as maintaining cash and checks in a locked box or safe) and management controls (such as timely reconciliation of the account).

Specific duties related to cash and checking account funding, disbursing cash and checks, and account balancing should be made the responsibilities of different personnel. Reconciliation of the account must be performed by project personnel other than the project director (or whoever deposits funds and authorized disbursements).

Payment Through Greenphire ClinCard Program

Human subject payments are made through the Greenphire ClinCard tool. Human subject payments can be made in the form of either a physical card or a virtual card. Tax reporting is still required by U.S. citizen and nonresident alien (NRA) per the RF Payment Tax and Reporting Handbook.

Documentation

Cash Payments

In order to document that there has been a transfer of cash to a human research subject, the office of record must obtain signed receipts. If obtained, these receipts must be retained. Other ways to document the transfer of cash to the human research subject include:

- maintain a log of interviews conducted.
- have the research program staff maintain statistical work papers.
- if payments are made through Greenphire, then the human subject payment form is not required since the program holds the necessary proof of payment.

Check Payments

Cashed checks suffice as documentation in support of payments made by check.

Greenphire ClinCard Payments

The Greenphire ClinCard platform will serve as the office record.

Office of Record for Cash, Check and Greenphire ClinCard Payments

The office of record must retain documentation to support the number of payments made to human research subjects. When payments are made to human research subjects through alternate methods, the project director, with approval of the operations manager, may act as the office of record for all payment documentation. The operations manager may cancel approval at any time.

The office of record must retain records in accordance with the retention requirements for vendor payments files. Refer to "Record Retention Guidelines" for more information.

Reporting Requirements for Alternate Payment Methods

General Reporting

When payments for U.S. Citizens or Resident Aliens are made through either alternate method, the project director must keep track of the number of research subjects who receive payments and the amount of each payment. This information must be provided to the operations manager upon request and to central office (at calendar year end) if 1099-MISC reporting is required.

1099-MISC Reporting

For each U.S. Citizen or Resident Alien human research subject paid \$600 or more in a calendar year, the project director must provide the following information to the appropriate operating location business office so that a 1099-MISC form can be manually produced by central office:

- name
- social security number
- home address
- total amount paid to the person
- Research Foundation project(s), task(s), and award(s) (PTAs) from which the person was paid
This information must be forwarded to the Corporate Payments Compliance Manager at central office.

Definitions

U.S. Citizen- A person born in the U.S. and subject to the jurisdiction of the U.S. An individual who obtains naturalization in the U.S.

Resident Alien- The term applied by the IRS to non-citizens residing in the U.S. who:

- Hold an Alien Registration Receipt Card (Form I-551), commonly known as a "Green Card," representing approval from the US government to remain in the US for an indefinite period of time. Also referred to as a "Permanent Resident."
 - Or meets the Substantial Presence Test (SPT) for tax purposes.
- Nonresident Alien- A person who is not a US citizen, Permanent Resident or a Resident Alien meeting the SPT, but who has gained a right from the US government to reside in the US. For employment, authorization to work in the US is required for a nonresident alien.

Related Information

[Human Subjects Best Practices](#)

Forms

[Statement of Human Subject Participation](#)

Change History

Date	Summary of Change
October 25, 2022	Modified to include verbiage concerning Greenphire ClinCard payments. Updated link to 'Establishing and Maintaining Campus Bank Accounts and Petty Cash Funds'. Changed document title from 'Petty Cash: How to Establish and Maintain Accounts' to 'Establishing and Maintaining Campus Bank Accounts and Petty Cash Funds'.
July 28, 2017	Modified to include verbiage concerning NRAs, reporting. Increased the threshold for payments from \$75 to \$100. Modified language pertaining to receiving cash as well as the reviewer of cash/checking account.