PURPOSE / BACKGROUND

Periodically University research projects require the participation of human subjects, and in order to accomplish the goals of the project, participant compensation may be offered. This policy and procedure establishes the payment process that Northern Kentucky University (NKU) faculty and staff must use to ensure compliance with subject privacy and IRS regulations when making payments related to human subjects who take part in University research studies. This process does not apply to students performing research as an employee. The Internal Revenue Service (IRS) requires nonemployee compensation totaling $600 or more paid to an individual during a calendar year be reported on Form 1099-MISC, Miscellaneous Income. The Principal Investigator (PI) should inform all participants that the payments received for participation in the research study should be reported to the IRS as taxable income. In addition, the PI should inform participants that the University is required to report to the IRS all non employee compensation paid to an individual that amounts to $600 or more per calendar year.

In compensating research subjects, NKU has the following goals:

1. To compensate research subjects as soon as possible following their participation in the study.
2. To offer researchers two methods (cash or check) to compensate participants for their time & effort in participating, realizing that the method allowable may be dependent on the amount of the compensation.
3. To maintain appropriate and sufficient documentation to satisfy sponsor and federal regulatory requirements.
4. To ensure that research projects (grants) are not charged for expenses related to compensation of research subjects until after the participant has been compensated.

A PI should be aware the Institutional Review Board (IRB) and IRB support staff may see clinical study records, and University financial personnel will see payment records as a part of the University’s oversight of research conducted by University faculty. These and similar limits to the ability to maintain confidentiality should be anticipated and disclosed to prospective subjects.

DEFINITIONS (for purposes of this policy)

Human Subject - a living individual about whom a PI conducting research obtains:

a. data through intervention or interaction with the individual, or
b. identifiable private information.
This person may or may not have an affiliation with NKU.

**Institutional Review Board (IRB)** - A Board whose members are appointed by the President of NKU. The Board is responsible, in conjunction with administrative officers of NKU, for ensuring that University personnel and researchers comply with applicable federal regulations and guidelines.

**Research** - a systematic investigation, including research development, testing, and evaluation, designed to develop or contribute to generalized knowledge.

**Subject Payments** - cash payments to individuals (subjects) for their participation and time commitment in a clinical trial or social science survey, etc.

**POLICY**

NKU payment process will maintain research subject confidentiality, to the extent possible under the law, while meeting Internal Revenue Service (IRS) reporting requirements and conform to the University’s standard accounting and payment practices. Individuals who take part in University research studies may receive payment for their participation as human subjects. University faculty and staff have a legal obligation to maintain confidentiality of those individuals.

Although a PI may adhere to confidentiality safeguards in the conduct of a study, there is a risk of breach of confidentiality when payments to subjects are involved. Therefore, to reduce the risks related to the release of research subject information, NKU requires that for payment purposes:

a. only the necessary information will be included on the payment request and financial backup required.

  b. only researchers and designated staff within the department sponsoring the study have access to the research information.

  c. payments made to human subjects who are also employees of the University are treated the same as nonaffiliated subjects.

**METHODS OF COMPENSATION**

Compensation to research subjects must be authorized by the PI and may be made by the following methods, depending on the amount of the compensation:

  a. For compensation of $50 or less:

      1. By University check, payable to the participant. The check to the participant is requested and authorized by completing a requisition in SAP. This will require that the participant is set up as a vendor in SAP. If the participant is not a vendor in SAP, a vendor setup & taxpayer identification number request form will need to be completed.
2. By cash, from an authorized cash advance maintained by the PI. This will require that the PI is set up as a vendor in SAP. If this method is used, please follow the procedures outlined in the “procedure to pay human research participant cash stipends”.

b. For compensation in excess of $50:
   1. By University check payable to the participant. The check to the participant is requested and authorized by completing a requisition in SAP. This will require that the participant is set up as a vendor in SAP.

ORGANIZATIONAL RESPONSIBILITIES

**Principal Investigator** – Completes application for IRB; approves PVI/requisition in SAP; picks up advance fund check from Accounts Payable; ensures that confidentiality and proper protocol procedures are followed; provides research oversight; reviews and approves payment backup documents for accuracy; custodian of the cash advance

**Document Preparer (Investigator or designee)** – prepares PVI/requisition/vendor form in SAP; prepares Bursar deposit form to return unspent advance funds; takes unspent advance funds to Bursar Office; takes research subject payment backup, W-9s and a copy of bursar deposit form to Comptroller’s office

**Research Grants and Contracts/IRB** - Approves research application for payment of human subjects; emails PI and Comptroller office of approval of application

**Comptroller’s Office** – Approves PVI/requisition; reconciles cash advance backup documentation with returned funds; records participant subject stipend payment in SAP; advise departments regarding standard University purchasing and payment processes

STANDARD DOCUMENTATION REQUIREMENTS

Compensation to research subjects must be made in accordance with Internal Revenue Service guidelines and University procedures for taxable payments.

Receipts signed by the participants acknowledging compensation, and a form W-9 are required for each participant receiving cash payments. Note that a form W-9 does not need to be submitted if previously provided for a participant.

CUSTODIAN RESPONSIBILITIES

The PI is the only person eligible to be the custodian of the requested cash advance. This authority may not be delegated. However, a PI may choose to delegate/transfer funds to a
subordinate within the same department for assistance with safeguarding, distribution and tracking of the funds. The PI remains personally responsible for the funds.

Copies of all supporting documentation must be kept in the originating department. For audit purposes, the PI must maintain detailed records which specifically support that those individuals paid were in fact participants in the project (grant) charged.

Unused cash advance funds, established to support a research project, must be returned to the Bursar Office no later than 1 week after completion of the project for which the funds were advanced. All payments to research subjects must be made on or before a grant end date to be considered allowable costs. The Comptroller’s office grant staff will track all human research participant cash advances and follow up with the PI(s) as needed to ensure cash advances are closed out in a timely manner.

Advances in conjunction with research projects, that cross the University’s fiscal year, must be reconciled as of June 30th for audit purposes. That is, all backup documentation for disbursements made must be turned into the Comptroller’s office and any remaining funds will need to be turned in to Bursar office by June 30. It may necessitate a subsequent request soon after July 1 if the project is continuing, but Comptroller’s office needs all advances to be cleared out and properly recorded at June 30.

Failure to comply with any of the guidelines concerning cash advance funds and their use for issuing payments to research subjects may result in the revocation of the funds and future cash advances. The Comptroller’s Office reserves the right to recall any cash advance funds as deemed necessary.