

Human Research Subject Payments

Sponsored Project Best Practices

NURAP @ Noon

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Hosted <https://nurap.northwestern.edu/event-resources/>

Objective

- To cover all the intricacies of paying Human Research Subjects on sponsored projects
 - We will be covering specifically financial payments only
- Discuss Ways to Pay
- Items to watch out for and answer some FAQ's

Human Subject Payment Policy

- Federal agencies request comprehensive research subject payment information
 - Human subject payments
 - Tax reporting
 - Disbursement processes



Challenges in paying Subjects

- Several Guidelines and Regulations to monitor
 - Human Subject Protection Program (HSPP)
 - University Human Resource policies and practices
 - Internal Revenue Service IRS Requirements
 - University purchasing and payment policies
 - Audit Requirements
 - IRB requirements
 - Privacy
- All of NU is tasked with helping to manage and comply with policies rules and regulations

Taxability

- Payment thresholds and tax reporting requirements.
 - Payments to U.S. residents totaling \$600 or more in a calendar year are reportable to the IRS on Form 1099-MISC, in box 3.
- NU's tax reporting database is generated from Accounts Payable (AP) data. Payments made outside AP, e.g. cash or stored value cards, are limited to \$100 to prevent IRS reporting and tracking issues

Existing Policy Reminders



- **Cash** payments are limited to \$100 per calendar yr. Cash payments include currency, and Gift Cards
- Payments exceeding the threshold should be processed as checks
- Employee payments that exceed the threshold should be processed via Payroll
- Any request for exceptions to the \$100 cash payment rule need to be clearly justified and made to Karen Spina (Associate Director of ASRSP).

Methods of Payment

- Decide the method of payment
 - Petty Cash
 - Stored Value Card
 - Hyper Wallet
 - Gift Cards (not preferred method)
 - Check through Accounts Payable (AP)
 - Check through Payroll (employee and Non-residents)
 - See Human research subject payments policy page 3-4
<https://www.northwestern.edu/financial-operations/policies-procedures/policies/HumanSubjectPayments.pdf>



Charging a Sponsored Project

- Proper documentation must be provided
 - A. Petty Cash, Cash Advance, Check through AP and Payroll
 - Needs research participant cash payment form Or Participant Log (subject ID, amount, date and person that distributed named, signature of participant.
 - B. Stored Value Card, Gift Cards, Hyperwallet, Electronic gift cards
 - These are initially charged to a non-sponsored chart string and then costs are transferred (correction journal) to the grant after distribution
 - Participant Log (subject ID, amount, date and person that distributed named, signature of participant or copy of participant form
 - Email confirmation of receipt for virtual cards
 - Confirmation of receipt for mailed cards
 - C. Consequences if not properly documented.
 - Potential audit finding; if documentation is insufficient for audit, the charge will be moved off the grant and a finding may be cited.

Remote or Online Participants

- Not all participants are physically present to sign documentation.
 - Potential ways to manage these payments
 - Set up a log that allows double verification
 - Use a service that requires recipient receipt (can be costly)
 - Ex: Fed Ex
 - Get email documentation confirming they received the payment

Example of Documentation

Research Subject Fee Payment Confirmation

v.2

Protocol: _____ Department: _____
Chartstring (fund-department-project): _____ Date: _____

Distribution List:

| Card Type | Card # | Subject Id # | Amount | Date distributed |
|-----------|--------|--------------|--------|------------------|
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Method of Distribution (e.g., mailing or online distribution): _____

Certification:

We certify that the payments have been distributed to the research subjects identified above.

Title: _____ Title: _____
Printed Name: _____ Printed Name: _____
Signature: _____ Signature: _____
Date: _____ Date: _____

* Please note that 2 signatures are required from the department (unit) that distributed the cards.

FAQ's or Additional Information

Why charge a department non-sponsored account first?

We have a Fiduciary responsibility to spend properly

- When circumstances are uncertain you must charge a non-sponsored account first
- Once funds are distributed you can move a transaction to a grant via a correction journal
 - Ex: an RA bought 15 gift cards @ Walgreens and was reimbursed on a grant via a non-travel expense report or petty cash. Only 13 subjects showed up to your event. Later she found one card is missing. Auditor discover this.
 - What will happen?
 - What should they have done?
 - What if staff member who knows what happened leaves NU before transfer of expense occurs?

Why all the paperwork?

Human Research subject payments have two components that can cause a lot of trouble for departments.

- Privacy of Patient (requires privacy protection)
- Abuse of Cash (requires transparency)

- How to manage this?
 - Depts. should keep the documentation and make it readily available for an audit but provide enough information to be reimbursed
 - What is needed depends on the type of transaction

What does ASRSP Need for Petty Cash

- ASRSP needs to see the DPR and receipts to approve a transaction. You can Email, Fax or visit us for approval in person
- All documents should be properly signed
- Support, Support, Support

Petty Cash continued...

- Petty cash is not electronic process thus you must do the following...
 - Review expense is compliant to Sponsored Award
 - Confirm if there is an existing Petty Cash fund for this award or set up a Petty Cash fund to proceed
 - Account code is Opened
 - Sufficient funds are on the grant
 - Check end date of grant if the grant appears to have ended approval will be delayed. Justify why you are asking to post costs after the end date. You should not be charging after the end date without an explanation.
 - Ex: Project ends Feb 28, 2019 but you expect a NCE and are submitting payments for March 12th. Let the approver know you are requesting a NCE, so they will not deny it.
 - Make sure the DPR is signed
 - Dept. Admin or PI should sign

Correction Journals- HRS

- Do not be afraid to process a correction journal for redistribution from a non-sponsored account. The key is a **timely** correction with a **good explanation**
 - Description Example of a Correction journal: *We had to charge our non-sponsored initially, Redistributing 20 gifts cards for \$25.00 each for XYZ study that were issued 12/1/2018-2/28/19*
- Move expenses as soon as you can. Time your purchase of gift cards or replenishment
 - Do not over buy. It makes you susceptible to theft, abuse or loss
 - Purchases made over 90 days before distribution will require a 90 day form
 - Not all gift cards purchased outside of stored value program can be returned/refunded
- Please attached a copy of the log or Research Subject form to NUFIN for items within 90 days
 - Items over 90 days will require the 90 day form signed by the PI of the grant

Human Subject Expenses

These are costs made for travel or reimbursements to subjects.

- A receipt or invoice should be obtained for each expenditure in addition to the payment.
 - ASRSP will review your document for....
 - A completed Human Subject payment form
 - Has the distributor approved reimbursement form
 - For items that do not have receipt like a bus ride, use a petty Cash-Payout form (PC) Please provide all details, dates, amounts, reason. No amount over \$40.00 should be reimbursed without a receipt.
 - **No** scanned or stamped signatures please

Subject Expenses continued

Apply Grant, Travel Policy & Petty Cash Policies

- Ex: Keep in mind Petty Cash Max is \$100.00
Mileage max out of Petty cash is \$100/mileage rate
(current rate is 58 cents a mile, no more than 172 miles can be reimbursed in cash)
- Reimbursement rate is set by the IRS.
- Please do not pay portion out of Petty cash and portion from a/p via check. There should be only 1 transaction
- 78666 can be used for Subject Travel and other incidentals

For all methods of payment: Show me the Back-up

- Documentation shows proof of distributing payment (a few methods)
 - Signed research subject form (signed by participant and distributor)
 - A log of how funds are being dispersed
 - Log should include: "Patient Identifier , address, date of research activity, amount paid and signature of participant (or other proof of distribution). Dual department signature required when participant is not available.
 - Reimbursement of cash is restricted to \$100 per calendar year.
- If you need to pay a subject more, contact Karen Spina.
- Any of the items mentioned above are your back up for cost transfers and replenishments
- Dept. Approvers: you have the job of verifying redacted documents. You must see the originals and make sure NU is protected.

NU Employees as Research Subjects

- Up to \$100 allowed from Petty Cash if one time payment
- Add pay must be used if payment is over \$100
ASRSP Reviews myHR Add pay on all forms submitted over \$100
 - Managing repeat visit and payments. You decide how you want to manage this - just make sure you understand it's **\$100 per calendar yr**
 - Please keep it to 1 transaction per instance - **do not split** the payment (partial petty cash/partial add pay)

Reminder: Shortages and Theft

Shortages and funds lost because of theft should be paid by department funds and must be fully documented. Theft must be reported to University Police

- Please do not charge the grant for items that were not used, stolen or lost.
 - Are you holding on to gift cards not being used that were charged to a grant? Return them and post credit to the grant
- If gift cards cannot be returned, post a credit to the grant and pay for them out of non-sponsored funds

Be mindful of following...

- Faculty and Staff **should not use their own funds** to pay HRS payments, they will be subject to tax liabilities
 - Reimbursement will not be easy, if allowed at all
- When using Log, having dual verification that funds were distributed protects NU and the distributor.
- Please make sure to obtain necessary signatures for payments when the patient does visit. They are needed for audits, you may be asked for the documents.
- If you opened a petty cash fund on a chart string that closes (including competing continuations), you need to close the petty cash fund and open a new one.

Unusual situation?

- If you have an unusual situation that may require an exception, please email GCFA with a **thorough justification** to help ASRSP and A/S make a sound decision. Approvals will be on a case by case basis
 - Some situations may require a review by OSR/ASRSP/Treasury Operations. Please be patient.
 - Keep in mind request may not get approved - do not proceed without approval

Subject Payment- Final Reminders

- We need to be respectful of patients and their privacy, yet we have to balance government requirements regarding payments
- Keep in mind, gift cards and cash are highly auditable items
 - Felony convictions
- Please be careful and protect yourselves through back-up and supporting documentation

Questions?

Accounting Services for Research and Sponsored Programs (ASRSP) Contacts who can help you....

Presenter

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Links

- Human Subject Payment Policy:

<https://www.northwestern.edu/financial-operations/policies-procedures/policies/HumanSubjectPayments.pdf>

- IRB Payment/Reimbursement guidelines

<https://irb.northwestern.edu/templates-forms/consent/payment-reimbursement-subjects>

- myHR Add Pay process

<https://www.northwestern.edu/hr/for-managers/payroll-administration/additional-pay.html>

Thank You