

Policy on Human Participant Incentives

I. Policy Statement

Auburn University recognizes the value of involving human participants in studies/projects. Incentives to human participants may be utilized in support of an Auburn University study/project, provided they adhere to all applicable University policies, federal and state laws. Incentives are income to human participants based on Internal Revenue Service (IRS) rules.

Controlling Authority: Internal Revenue Code; University Policy; Federal Financial Aid; INS

II. Policy Principles

Principle Investigators/researchers are permitted to offer incentive payments to individuals for participation in Auburn University studies/projects. Individuals conducting Auburn studies/projects that compensate human participants must collect and document personal information necessary to comply with IRS tax-reporting regulations. Incentive payments to human participants should follow the guidelines listed in the *Human Participant Incentives Guideline Procedures* (<http://www.auburn.edu/administration/business-finance/pdf/hpi-procedures.pdf>).

A. General Requirements

Human participant incentives must support on-going studies/projects and comply with all University policy and procedure. This policy and the related guideline procedures seek to:

- 1) Balance the need for confidentiality of study participants with payment reporting requirements.
- 2) Provide guidance to Principle Investigators and Fund Custodians of participant incentives.
- 3) Improve transparency and ensure proper documentation of participant incentive expenditures.
- 4) Ensure physical security of funds and privacy of research participant confidential information.
- 5) Improve adherence to federal regulations while reducing administrative burdens related to incentive payments.

B. Incentives for Human Participants

Incentives are distributed per the *Human Participant Incentives Guideline Procedures* (<http://www.auburn.edu/administration/business-finance/pdf/hpi-procedures.pdf>). The Fund Custodian distributing incentives is responsible for tracking such incentives and maintaining the appropriate documentation. In most circumstances, the Principle Investigator selects the type of incentive at their discretion based on the specific circumstances of the study/project.

C. Preserve Confidentiality

Auburn must protect confidential information at all times, including during collection, payment processing, and storage. Confidential information includes, but is not limited to,

Social Security Numbers (SSN) of participants. Business & Finance employees who have access to human participant confidential information must sign a confidentiality statement. See the Social Security Number (SSN) Protection Policy (<https://sites.auburn.edu/admin/universitypolicies/Policies/SocialSecurityNumberProtectionPolicy.pdf>) for more information.

- D. Payments to Auburn University Employees
Human participant incentives to employees constitute gross wages and are subject to payroll tax withholding.
- E. Payments to Auburn University Students
Human participant incentives to students may affect a student's federal financial aid eligibility. Auburn University is required to account for all non-payroll remuneration provided to the student by Auburn. Human participant incentives to Auburn University students shall adhere to guidance found on the Student Financial Services webpage: <http://www.auburn.edu/administration/business-finance/finaid/dept-student-payments.html>
- F. Payments to US Individuals not Affiliated with Auburn University
Human participant incentives to US individuals not affiliated with Auburn University are subject to taxation as income on IRS form 1099-Misc.
- G. Payments to Foreign Nationals
Human participant incentives to Foreign Nationals, who are non-resident aliens for federal tax purposes, are subject to tax withholding under the Internal Revenue Code. This will be reported on a 1042-S. The Visa type of a Foreign National defines if the person can receive incentive payments. If the Foreign National is uncertain if they can receive income as a human participant in a study/project, they should seek guidance from the Office of International Programs.

III. Effective Date
July 15, 2018

IV. Applicability
These policies and procedures are applicable to all human participant incentive recipients.

V. Policy Management
Responsible Office: Procurement & Business Services
Responsible Officer: Director, Procurement & Business Services
Responsible Executive: VP for Business & Finance

VI. Definitions

Incentives: A payment or series of payments made to individuals for participating in an Auburn University study/project. Incentives are taxable income to a human study/project participant.

Human Participant: A volunteer participant in an Auburn University study/project. Any individual participating in a study/project is known as a human participant.

Employee: For purposes of this policy, an employee is anyone who receives a W-2 from the University.

Foreign National: An individual who is a citizen of any country other than the United States.

VII. Policy Procedures

Human Subject Incentives Guideline Procedures

VIII. Sanctions

Violation of this policy will be addressed through appropriate disciplinary action.

IX. Exclusions

There are no exclusions to this policy.

X. Interpretation

Director, Procurement & Business Services

XI. Revision History

06/2018: The Policy on Human Participant Incentives replaces Section 17 of the Spending Policy, Research Participant Funds.

Human Participant Incentives Fund Agreement

I, _____, acting as an Auburn University Fund Custodian, acknowledge that I am fully aware that control, accountability, and maintenance of entrusted funds are my responsibility and that I may be called upon at any time to explain or account for imbalances to such funds. If discrepancies are identified, I hereby authorize Auburn University to take steps to recover shortages through payroll deduction or other means.

I understand that it is my responsibility as Fund Custodian to reconcile funds at least monthly, returning the reconciliation to the responsible Business & Finance office. Additional funds will not be advanced until a reconciliation is prepared. Upon discovery of any shortage of cash advance funds it is my responsibility to immediately notify Procurement and Business Services. In addition, I must report any shortages occurring from theft (known or potential) immediately upon discovery to Office of Audit, Compliance & Privacy and the Department of Campus Safety and Security.

I understand that it is my responsibility to review the attached Fund Custodian Training document and familiarize myself with the Human Participant Incentives Policy and Procedures. If you have any questions please contact Procurement and Business Services to schedule a one on one training session.

I understand that, if due to transfer, promotion, or termination, I am requested to relinquish responsibility of funds, a new Custodian will be identified in writing to the responsible Business & Finance office. I recognize that failure to comply with the provisions of this agreement and those contained in the Human Subject Incentives Guideline Procedures may result in termination of my ability to act as a Fund Custodian.

I understand that a checking account cannot be opened with Auburn University's name in the account title or with Auburn University's tax identification number for deposit of these funds. The University is not responsible for any bank fees incurred related to these funds.

Fund Custodian Name & Banner ID: _____

Fund Custodian Signature: _____

Date: _____

Department Head/Chair or Dean: _____

Date: _____

This form must be sent to Procurement and Business Services prior to submission of the Human Participant Incentive Fund Request. One form will cover all human participant incentive requests by the Custodian.

Human Participant Incentives Fund Custodian Training

PURPOSE:

The purpose of the cash advance is to provide a means to pay human research participants amounts of \$100 or less. Auburn University requires a Fund Custodian to be accountable for the funds for every cash advance. A check for the cash advance will be issued in the name of the Fund Custodian.

The Fund Custodian is an individual responsible for the maintenance, reconciliation, and return, if applicable, of cash advances. This person is primarily responsible for safeguarding the fund even though cash fund activities may be handled by more than one person.

RESPONSIBILITIES

Responsibilities of the Fund Custodian include:

1. Request the cash advance by completing the *Human Participant Incentives Fund Request*. Please note the request form is limited to the anticipated funds necessary for a two-week period. **At the end of every month, a reconciliation and request for extension or return of funds is required.**
2. Establish safeguard procedures to ensure cash is protected. Maintain the cash in a secure location at all times, accessible only to the Fund Custodian and/or approved alternate.
3. Cash funds must never be commingled with personal funds. Personal checks may not be cashed from cash advances. A checking account cannot be opened with Auburn University's name in the account title or with Auburn University's tax identification number for deposit of these funds.
4. For the departments or Fund Custodians that handle more than one cash fund, each cash fund and its related materials must be kept physically separate from other cash funds, using different bank bags or lock boxes.
5. Maintain a proper internal control environment. Strong internal controls protect employees from inappropriate allegations of mishandling funds by defining assigned responsibilities in the cash handling process. Establishing and maintaining internal cash controls for each cash fund is critical for preventing mishandling of funds and for safeguarding against loss.
6. Review the entire process to ensure that adequate controls are in place and being followed properly by personnel.
7. Continuously consider possible cash vulnerabilities and resolve concerns immediately.
8. At all times, the sum of cash on hand and disbursements must equal the approved cash advance total.
9. At the end of the two-week period or on a monthly basis (whichever comes first), the Fund Custodian must complete the *Human Participant Incentives Reconciliation*. The reconciliation should be accompanied by any unspent funds or the *Human Participant Incentives Fund Increase Request*. Additional incentive funds for the study/project will not be dispersed until the reconciliation is complete.

RECONCILIATION

1. The Fund Custodian must reconcile all cash advance funds each month using the *Human Participant Incentives Reconciliation*.

2. A detailed review of items required on the reconciliation:
 - a. Date
 - b. Time of Day
 - c. Initial Fund Amount
 - d. Total Amount Expended
 - e. Funds remaining (note, funds remaining should be the difference between c. and d.)
 - f. Bills and Coins
 - g. Payments to Participants
 - h. Other
 - i. Total Fund (note, total fund should equal c. as well as the sum of f, g, and h.)
 - j. Number of participants paid during this reconciliation period
 - k. Amount of incentive payment per participant during this reconciliation period
 - l. If the study/project is completed, there is a space to mark "terminate this fund"
3. Once completed, the Fund Custodian's supervisor must independently verify the fund balance and sign on the form.
4. When the study/project is complete, prepare a final reconciliation. Unspent funds should be hand delivered to the Assistant Director of Payment Services with the reconciliation. Procurement and Business Services will immediately deposit the funds in AU's operating account.

SHORTAGES

The Fund Custodian must immediately report upon discovery any shortage of cash advance funds to Procurement and Business Services. In addition, any shortages occurring from theft (known or potential) must be reported immediately upon discovery to Office of Audit, Compliance & Privacy and the Department of Campus Safety and Security.

RECORDS DISPOSITION

The Fund Custodian should ensure proper safeguards of departmental records related to participant incentives. Records retention should follow the below:

- If the incentives are associated with a research project, retain related records in the department for 1 year after completion of the final report.
- If the incentives are not associated with a research project, retain related records in the department for 1 year after completion of the project.

No person at the institution has the right to circumvent state law. If it is discovered that state law is being violated, disciplinary action will be taken. Every employee has the responsibility for immediately contacting Procurement and Business Services, the Office of Audit, Compliance & Privacy or the Department of Campus Safety and Security to report fraudulent acts if there is a reasonable basis. Anonymous reports can be made via the Ethics Point reporting hotline <http://www.auburn.edu/administration/oacp/ethicspointfaq.php>.

- Procurement and Business Services: 334-844-7771
- Office of Audit, Compliance & Privacy: 334-844-4389
- Campus Safety and Security: 334-844-8888