College of Social Work
Business Office
Compensation to Research Subjects (Incentives) Policy and Procedure

Policy

E-9-1 Compensation to Research Subjects

B-3-2-1 Procurement Card Authorization and Limits

E-7-16 Procurement Cards

E-7-7 Payments to Foreign Nationals

Frequently Asked Questions for Certificate of Confidentiality

Submission of Certificate of Confidentiality to Joe Brown, Office of Research Integrity

IRB Submissions

Reloadable Card Program

Overview

This policy provides guidance for compensating human research participants (or other study/ program participants) when the project offers cash, gift cards or other non-cash incentives.

Key Definitions

- **Research Participant**: A living individual who gives information, samples or interacts with an investigator, where personal/biospecimen data is studied.
- **Crowdsourcing Services:** A third-party (e.g., Amazon MTurk, Prolific) pays many, usually anonymous, people a small amount to complete online tasks/surveys; payments go to the third-party, not directly to each participant.
- **Imprest Fund:** An advance fund the University gives to a custodian for small-amount payments (e.g., research subject payments).
- **Declining Balance Procurement Card / Loadable Card:** Payment methods approved under this policy for certain amounts/uses.

Who's Responsible

- **PI & research business staff**: Confirm compensation method is allowable (sponsor & regulation), obtain IRB review, authorize payments, ensure invoices / charges only after service completed, maintain detailed payment/participant records, ensure tax/IRS filing compliance.

- **Accounts Payable Services**: Audit payment requests/reimbursements, prepare 1099-MISC for U.S. participants who receive $600+ in a calendar year.
- **Treasury Services**: Approve and audit requests for imprest accounts.
- **Procurement Services**: Handle vendor master data, onboarding new vendors when needed for subject payments or crowdsourcing service contracts.

Policy Highlights

- Gift cards can ONLY be purchased as part of research. Under no circumstance should they be purchased without completing the Incentive Submission Form.
- Payments to U.S. citizen/permanent resident participants are taxable income; if aggregate payments reach $600 or more in a calendar year, the University must issue a 1099-MISC. Payments to nonresident aliens follow different rules (Form 1042-S) and may require withholding.
- There are four approved methods for compensating participants, each with thresholds and documentation requirements:
    - University check via PRD (any amount; required for $600+).
    - Imprest account (payments less than $600).
    - Declining balance procurement card (< $600).
    - Loadable card (< $600; reconciliation data provided when cards are loaded).
- **Documentation requirements:**
    - **Payments up to $100:**
        - Cash/Check/Gift card Payments
            - Approved Purchase Request
            - Signed statement from the subject(s)/participant(s), or the individual responsible for minors, certifying they participated in the research project and acknowledging they have received or will receive the cash or gift card must be provided as documentation (if it is a check, ensure that you have the addresses).
            - If gift cards, the receipt or invoice for monthly Concur Reports
        - Non-Cash Compensation (up to $100 in value):
            - Approved Purchase Request
            - If you are shipping, collect address and full name(s);;.

        - Authorization and approval by the PI. Procurement card edit documentation or the supporting authorization document must be approved through Concur workflow.
        - Invoice, Receipts, and if available quote/shipping confirmation.

- **For payments > $100 and < $600:**
    - **Cash/Check/Gift card Payments**
        - Approved Purchase Request
        - W-9 (if a check will be provided, does not need to be collected if individual completes PaymentWorks)
        - If a check payment, added to PaymentWorks as a Vendor (Individual is required to complete the W-9 within the system)
        - Signed statement acknowledging participation
        - Invoice and/or receipts
        - If reloadable card, the same information is required, and must be maintained for year-end tax reporting.
    - **Non-Cash Compensation (value is between $100 to $600)**
        - An IRS W-9 form must be completed and signed by the subject/participant.
        - If purchased with a University check, this should be attached to the PRD labeled as W-9.
        - A signed statement from the subject/participant certifying they participated in the research project and acknowledge receipt of the non-cash compensation.
        - If payment by University check, this should be a separate attachment to the PRD from the W-9 and labeled as documentation.

- **For payments ≥ $600:**
    - **Requirements:**
        - Approved Purchase Request
        - **Must be by University check[1]. In other words, other methods of payment are not allowed.**
        - Participant must be established as vendor via PaymentWorks

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[1] Can seek business exception to pay individual by Reloadable Card. Please submit a general question inquiry through Incentive Submission Form.

        - Appropriate tax form must be on file.
- **Crowd-sourcing services have special rules:**
    - Must use existing contract provider (Amazon MTurk and Prolific)
    - Procurement cards must be consulted prior to entering into a contract with service provider.
    - Pay via standard department procurement card
    - Maintain report with participant IDs, date & payment amount.
    - Participant names not required in this scenario.
- Payments to nonresident aliens must go through the PRD via University check with proper documentation.
- **Other Items of Note:**
    - **Collecting Participant Information**
        - Participant information is REQUIRED unless you have a Certificate of Confidentiality, and your IRB states that participant information needs to private.
    - **Paying for Gift cards/Reloadable/ Crowdsourcing with Personal Credit Cards**
        - Payments with a **personal credit card are not allowed and will not be reimbursed**.

Checklist for Business Office

1. **Prior to study start**
    - Obtain IRB approval letter.
    - As applicable, obtain your Certificate of Confidentiality.
    - Obtain the account number you need to charge
    - Confirm sponsor allows participant compensation and method is allowable.
    - Decide which payment method will be used (check, gift card, reloadable), total amount needed and estimated number of participants.
    - Submitted Incentive Submission Form
2. **During study payments**
    - Collect signed participant acknowledgement of participation & receipt of payment.
    - For payments > $100: collect W-9 (or W-8BEN for nonresident alien).

- Make payment only *after* the participant's service is complete.
- Track all payments by participant, date, amount, and method.
- Upload information to created SharePoint.

3. **Reconciliation & tax tracking**
    - For funds via cards or imprest, reconcile monthly/quarterly as required.
    - Upload receipts, tax documentation, participants information, and statement of participation to SharePoint by the 1st of each month.
    - Monitor cumulative payments per participant annually: if ≥ $600 → ensure correct vendor setup and tax reporting.
4. **Documentation retention & audit readiness**
    - Keep participant records, payment authorizations, acknowledgements, receipts/invoices.
    - For gift card inventory: don't purchase more than one month's usage at a time; include expected use date for unused cards.
    - Ensure privacy regulations and IRS requirements for confidentiality are followed.

Getting Started

1. If new funding has been secured with incentives/Compensation to Participants and/or you are looking for general information about incentives/Compensation to Participants, fill out the Incentive Submission Form.
    a. Depending on your form selection, you will be asked different information pertaining incentives. If you have secured funding, be prepared to provide the following information:
        i. Confirmation of IRB Letter
        ii. Project Name
        iii. Account Number
        iv. Confirmation that you plan to collect participants names
1. If not, ensuring you have a Certificate of Confidentiality or Exemption
        v. Purpose of Incentive
        vi. Benefit to project or college
        vii. Type of Incentive
        viii. Amount Per Participant (you can put various)
        ix. Estimated Number of Participants
        x. Type of Gift- card
2. Once the form has been submitted, you will receive an email from the Business Office Incentives Coordinator within 48 business hours, and a meeting will be established to review what is needed.

3. After the scheduled meeting, the Incentives Coordinator will outlining the type of incentive, action items, and next steps in an email and (as applicable) begin facilitating the necessary documentation based on the need.
4. If general questions are asked, a new Incentive Submission Form will need to be submitted if the individual has secured funding and/or would like to proceed with a type of incentive (e.g., check, gift card, reloadable, etc.,)

Preparation Based on Incentive Selection

1. **If the individual selected gift cards/e-gift cards/reloadable:**
    a. The Incentive Coordinator will complete to the best of their ability the Declining Balance Procard application and Supplemental form and/or Loadable Card form. They will then submit it to the Principal Investigator (PI) to review, answer any outstanding questions, and signature.
        ii. The Incentive Coordinator is responsible for updating the Incentive Set-Up as different steps are completed.
    b. Once the forms have been signed by PI, forms will be sent to the Business Officer and Assistant Dean of Finance for review and signature within 24 business hours[2] of receiving. They will return the form to the Incentive Coordinator who will submit it to the University of Kentucky Procurement Card/Reloadable card office within 24 business hours. Copying the Business Officer.
        i. If there are any delays/issues, the Incentive Coordinator will note these delays on the Incentive Set-Up sheet.
        ii. The Business Officer should be copied on all emails related to incentives.
    c. Once the declining balance card and/or reloadable card application has been approved by University of Kentucky Procurement/ Reloadable Cards, an email will be sent to PI, notifying them of the approval. This email should be forwarded to the Incentive Coordinator (if not copied) to begin the next steps.
    d. Once the email is received by Incentive Coordinator this will trigger an email to PI outlining expectations (submission of PRs, adding Incentive Coordinator as a delegate in Concur) as applicable, timeline for reconciliation, required documentation for submissions, creation of SharePoint, and deadlines), create the tracker for Declining Balance Card, and/or Reloadable Documentation Audit, add to the Research Incentive Procard/Reloadable Card Sheet.
    e. The PI (or delegate) will then need to submit the Purchase Request (PR).
    f. Once approved and as applicable, the Incentives Coordinator will purchase the e/gift cards needed and provide them to the individual by distributing or distributing the cards themselves.
        i. **Please note:** If reloadable cards were selected, submission of cards can be completed by PI (or their delegate). If assistance is needed by the Incentive Coordinator, this needs to be communicated. If payment is > $100, ensure that

[2] Business hours does not include weekends

you are obtaining W-9s for auditing purposes. The Incentive Coordinator will conduct a quarterly check and should have access to records.

g. On Monday, Wednesday, and Friday, the Incentive Coordinator will check SharePoints to ensure that all required documentation has been uploaded.
h. By the 15th of the following month, from when a purchase is made (e.g., purchase was made 11/20, the reports should be submitted by 12/15) the Incentive Coordinator will submit Reconciliation to Procurement and submit the Concur Expense Report.
    i. The incentive Coordinator can begin creating the Concur Expense Report as e/gift cards are purchased, and required documentation is uploaded to SharePoints.
i. If reloadable card was selected, the Incentive Coordinator should conduct an internal audit on a quarterly basis to ensure the correct documentation is being obtained.
    i. Statement of Participation
    ii. >$100 W-9s (or added as a vendor in PaymentWorks)
j. If documentation is missing, the Incentive Coordinator should notify the PI (or their delegate) and ask them to upload the information within 30 calendar days from the date of the email.
k. After 30 days, if the required documentation is not uploaded the Incentive Coordinator notifies Business Officer, and Assistant Dean of Finance (ADoF) to let them know that we are out of compliance with policy E-9-1 and include an overview of the situation.
l. ADoF will reach out to Reloadable Cards and PI for next steps.
    i. Noncompliance can result in the PI not being able to use the Reloadable Cards as an option for incentives.
m. The Incentive Coordinator is responsible for updating the Reloadable Card Audit Sheet.

2. **If payment by check:**
    a. PI (or delegate) should submit a PR, and attach participant names, addresses, and Statement of Participation.
        i. Note: If payment will be >$100, Program Coordinator's should reach out to the participant to let them know they will receive an automatic email from University of Kentucky PaymentWorks, and the form needs to be completed PRIOR to being paid. Without completing, the individual will not be paid (draft notification can be seen below).
    b. After the PR has been approved, the Incentive Coordinator will begin the process of paying the individual.
        i. As needed, individuals will be added to PaymentsWorks
        ii. Payment processed via Payment Document Request (PRD)
    c. Incentive Coordinator will notify PI (or delegate) once payments are completed, and anything outstanding (with reasoning) within 48 hours of receiving approved PR.

<u>Email Notification about PaymentWorks Automated Email</u>

Subject: Action Required to Receive Your Payment from the University of Kentucky

Dear [Participant Name],

Thank you for your participation in our program. Because your compensation will exceed $100, the University of Kentucky requires some additional information before we can issue your payment.

You will soon receive an automated email from University of Kentucky PaymentWorks. Please follow the instructions in that message and complete the required form as soon as possible.

Important:
We cannot issue your payment until this form is completed. If the form is not submitted, the University will not be able to process your payment.

If you have any questions or need assistance, please feel free to contact us.

Thank you again for your participation and timely attention to this step.