



Financial Services Standard Operating Procedure No. 3706			
<b>SOP Title</b>	Research Study Participant Payments	<b>Related Policy No.</b>	<a href="#">UMB VIII-99.00 (B)</a>
<b>Last Updated</b>	January 1, 2018	<b>Refer Questions To</b>	Associate Controller Financial Services 410-706-2509
<b>Approved By</b>	Dawn Rhodes, Chief Business and Finance Officer		

**Purpose** This procedure establishes instructions and guidelines for UMB departments to use when compensating research study participants and complying with reconciliation requirements in accordance with UMB policy VIII-99.00 (B).

**Scope** This procedure covers all compensation to research study participants including cash, checks, and gift cards.

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**General Guidelines**

- I. In all studies that involve cash, check or gift card payments to study participants, a [log](#) should be initiated and maintained by the study coordinator or his/her designee. The log should be verified, signed, and dated by the Principal Investigator at the end of each study and kept in the department for audit purposes. If study participants are paid by check, a signed consent form and a copy of the check or a record of the payee, check number, amount and date should be maintained by the department.
  
- II. 1099-MISC Reporting  
In order to be in compliance with IRS regulations regarding the reporting of income, a 1099-MISC will be produced for any individual who receives checks or gift cards totaling \$600 or more annually in compensation for being a study participant at UMB. In order to facilitate the collection of information:
  - A. Checks  
Documentation for any study participant receiving a check of \$100 or greater needs to include the individual's name, address and social security number. This information must be included in the documentation that accompanies the request.
  - B. Gift Cards
    1. Any study participant who receives a gift card of \$100 or greater is required to provide his or her name, address, and social security number to the department.
    2. The department must create and maintain a spreadsheet that lists any study participant who receives a gift card of \$100 or greater. The information listed on the spreadsheet must correspond to the current calendar year (i.e. reporting period) and include the following information:
      - a. Department Name and Number
      - b. Department Contact Name, Phone Number, and Email Address
      - c. Reporting Period (i.e. January 1, xxxx – December 31, xxxx)
      - d. Recipient Information:
        - i. Name
        - ii. Address
        - iii. Social Security Number
        - iv. Amount received
        - v. Date gift card is given to the study recipient
    3. The department must submit the spreadsheet to the Financial Services - Disbursements Manager on a monthly basis, no later than the 10<sup>th</sup> day of the month.
      - a. Email the file to [lpendleton@umaryland.edu](mailto:lpendleton@umaryland.edu) via the [Accellion Secure File Transfer Appliance](#).
      - b. DO NOT send files through the regular campus email/mail (i.e. Outlook, Office 365, Interoffice Mail).
    4. Departments are required to properly secure the study participant's name, address, and social security number. Review [UMB Policy X-99.16\(A\) UMB protection of Confidential Information](#) for guidance on safeguarding personal information.
    5. Financial Services – Disbursements will forward the information to the State General Accounting Division.

- III. The type of compensation and the method of delivery will be used to determine the procedures applied in requesting, delivering, and recording study participant compensation. The following chart summarizes the options:

Source of compensation ⇨ Form of compensation ↓	Working Fund	Accounts Payable (e-Z Payment or PUR02)
Cash	✓	
Gift card	✓	✓
Check	✓	✓

- IV. Disbursements of funds for the purpose of purchasing gift cards or distributing cash will be charged to the sponsored project ID using account 4862- Study Participant Pay- Imprest. Amounts charged to this account will not be billed to the sponsor or generate F&A. On a monthly basis, a journal entry must be created to credit (reduce) this account and debit (charge) account 3125- Study Participant Pay- Group for the amount of cash or gift cards that have been distributed that month. The log will be the backup and basis for the journal entry.
- V. Compensation in the form of cash or gift cards should not be mailed to participants.

## Procedures

### I. Types of Compensation

#### A. General

1. The type of compensation made to a study participant is determined by the Principal Investigator, the terms of the grant/contract, and the Institutional Review Board (IRB), if applicable.
2. Each type of compensation requires specific reporting and reconciliation requirements to ensure the propriety of the compensation and safeguarding of the assets.

#### B. Cash

1. Purpose of request- A check request is made for a lump sum amount. The department cashes the check so that smaller amounts of cash can be distributed to study participants.
2. Cash requests can be made through the General Working Fund.
3. An individual in the department other than the individual who cashed the check must count the cash, verify the amount against the cash amount requested, record the amount on the log, and then sign and date the log.

4. The cash should be stored in a safe or in a locked drawer with restricted access.
5. The study coordinator must maintain a separate log for each lump sum cash request.
6. On a monthly basis in conjunction with the journal entry to reclassify the amount distributed from account 4862 to 3125 (see General Guidelines IV), the cash on hand must be counted to ensure that the amount agrees to the difference between the initial check request and the amount distributed per the log.
  - a. The cash count should be performed by a person in the department who is familiar with these procedures but is not directly associated with the study. The person performing the count must record the results of the count and sign and date the Cash/Card Count document. The results of the cash count should be compared to the calculated amount that should be on hand (check request amount less amount distributed per log).
  - b. Any discrepancies must be investigated and resolved. Any unexplained differences must be reported in writing to the department chair and/or Dean, and to the Directors of the Departments of Management Advisory Services, Financial Services, and Sponsored Projects Accounting and Compliance.
  - c. Click [HERE](#) for an example of a document to record the cash count.
7. Once all cash from each lump sum cash request has been distributed:
  - a. The Principal Investigator must verify, sign, and date the log, confirming the [validity of the participants](#) and the amount of cash distributed.
  - b. A reconciliation must be completed that is verified, signed, and dated by the preparer, the department administrator (or designee), and the Principal Investigator. Click [HERE](#) for an example of documentation of a reconciliation.
8. At the end of each study, the complete study participant log must be verified, signed, and dated by the Principal Investigator; and a final reconciliation of all cash paid must be completed that is verified, signed, and dated by the preparer, the department administrator (or designee), and the Principal Investigator. Click [HERE](#) for an example of documentation of a reconciliation.
9. Any undistributed cash must be deposited back into the UMB bank account and credited to the study project, via the UMB Cashier's Office, within 30 days of the end of the study. If the part of the study involving compensation to participants ends significantly earlier than

the end of the study project then the best practice would be to deposit the undistributed cash earlier.

### C. Gift Cards

1. Gift card requests can be made through the Gift Card System (GCS), General Working Fund, or Accounts Payable.
2. The GCS is the preferred method. However, departments may request a check from the General Working Fund or Accounts Payable for a lump sum amount to be used to purchase gift cards in smaller amounts that can be distributed to study participants.
3. Electronic vouchers that can be transferred to the participants through email are acceptable, provided that each voucher is numbered and the department keeps a log of these vouchers and their recipients. It is the department's responsibility to ensure that delivery through email does not compromise the privacy of the participant. The department and UMB will not replace vouchers delivered by email that are misappropriated by persons other than the study participant who have access to the email address provided by the study participant.
4. Under no circumstances can a UMB Corporate Purchasing Card (i.e. Visa ProCard) be used to purchase gift cards.
5. An individual in the department, other than the individual who purchased the gift cards, and who is familiar with these procedures must count the gift cards, verify the amount against the amount on the gift card request, record the amount on the log, and then sign and date the log.
6. The gift cards should be stored in a safe or in a locked drawer with restricted access.
7. The study coordinator must maintain a separate log for each gift card request.
8. On a monthly basis in conjunction with the journal entry to reclassify the amount distributed from account 4862 to 3125 (see General Guidelines IV), the gift cards on hand must be counted to ensure that the amount agrees to the difference between the initial GCS or check request and the amount distributed per the log.
  - a. The gift card count should be performed by a person in the department who is familiar with these procedures but is not directly associated with the study. The person performing the count must record the results of the count and sign and date the document.

- b. The results of the gift card count should be compared to the calculated amount that should be on hand (check request amount less amount distributed per log).
    - c. Any discrepancies must be investigated and resolved. Any unexplained differences must be reported in writing to the department chair and/or Dean, and to the Directors of the Departments of Management Advisory Services, Financial Services, and Sponsored Projects Accounting and Compliance.
    - d. Click [HERE](#) for an example of a document to record the gift card count.
  9. Submit 1099-MISC reporting information as described in General Guidelines - Section II.
  10. Once all cards from each gift card request have been distributed:
    - a. The Principal Investigator must verify, sign, and date the log, confirming the [validity of the participants](#) and the amounts and dates of the gift cards distributed. The log must clearly indicate the amount of any undistributed gift cards.
    - b. A reconciliation must be completed that is verified, signed, and dated by the preparer, department administrator (or designee), and Principal Investigator. Click [HERE](#) for an example of documentation of a reconciliation.
  11. At the end of each study, the complete study participant log must be verified, signed and dated by the Principal Investigator; and a final reconciliation of all funds must be completed that is verified, signed, and dated by the preparer, the department administrator (or designee), and the Principal Investigator. Click [HERE](#) for an example of documentation of a reconciliation.
  12. There must be an accounting for the disposition of any undistributed gift cards. This should be done within 30 days of the end of the study. If the part of the study involving compensation to participants ends significantly earlier than the end of the study project, the best practice would be to complete the accounting for the gift cards earlier. If there are unused gift cards when the study is completed, they must be:
    - a. transferred via journal entry to another research study project that is active. Documentation to support the change in custody and /or accountability of the gift cards must be maintained.

OR

sold back to the GCS. Unused gift cards purchased through the GCS are eligible for buyback upon approval from Financial Services – Disbursements.

OR

- b. purchased using a non-UMB funding source. This may include purchases by employees, including the principal investigator, but only as a last resort. Payments received must be deposited and credited back to the study project. Sufficient documentation must be maintained by the department for these transactions.

#### **D. Checks Payable to Participants**

1. Purpose of request- A check request for a specific amount made payable to a study participant and delivered in person or by mail.
2. The study coordinator must maintain a log, and other documentation as necessary, for all checks issued to study participants. The log (or other documentation) must indicate how and when each check was delivered directly or mailed to the participant.
3. Once all checks from each request have been distributed, the Principal Investigator must verify, sign, and date the appropriate documentation that confirms the [validity of the participants](#), and the amounts and dates of the checks distributed.
4. Any undistributed checks to study participants should be returned to Financial Services- Working Fund within 30 days of the end of the study so that the checks can be voided and credited back to the study project. If the part of the study involving compensation to participants ends significantly earlier than the end of the study project, the best practice would be to return the undistributed checks earlier.

## **II. Sources of Compensation**

### **A. Working Fund**

#### **1. Request for Cash**

- a. A Study Participant Payments Working Fund Request (SPPWFR) form is completed for a lump sum amount. Documentation from the part of the grant/contract authorizing funds for payment to study participants and the RAVEN printout showing the activity in project/account number 4862 should accompany the request.
- b. The SPPWFR should be submitted to Financial Services- Working Fund (FS-WF) at least three (3) days in advance of the date the check is needed in the department.
- c. The check should be made payable to a designated person from the department who did not sign the request form. Checks will not be made payable to "Cash".
- d. This type of payment should be charged to the sponsored project ID using account no. 4862- Study Participant Pay - Imprest.

- e. The payee (or someone else not associated with the study) should pick up the check from FS-WF, cash the check, and deliver the cash back to the department.
- f. On a monthly basis, the department must complete a journal entry that debits 3125 and credits 4862 for the amount of cash that has actually been disbursed to study participants.
- g. FS-WF will not fulfill additional Study Participant payment requests for the specified project until this journal entry has been completed. For studies that require multiple requests, a reasonable balance in 4862 will be acceptable, to allow for continuity.
- h. A grant will not be closed by Sponsored Projects Accounting and Compliance (SPAC) if there is a balance in account 4862.

## 2. Request for Gift Cards

- a. Gift Card System
  - i. A Study Participant Payments Gift Card Request form is completed for a lump sum amount. Documentation from the part of the grant/contract authorizing funds for payment to study participants and the RAVEN printout showing the activity in project/account number 4862 should accompany the request.
  - ii. Log into the Gift Card System (GCS) and select the desired gift cards.
  - iii. Upload the following documents into the GCS:
    - Study Participant Payments Gift Card Request Form.
    - Documentation from the part of the grant/contract authorizing funds for payment to study participants.
    - RAVEN printout showing the activity in the project account number 4862.
  - iv. Orders should be placed in the GCS at least three (3) days in advance of the date the gift cards are needed in the department.
  - v. If the desired gift cards are not available in the GCS the department may email FS-WF to request a special order. After FS-WF receives the cards from the vendor, FS-WF will instruct the department to proceed with the order through the GCS.
  - vi. This type of payment should be charged to the sponsored project ID using account no. 4862- Study Participant Pay - Imprest.



- vii. A person not associated with the study should pick up the gift cards at the Cashier’s Office and deliver the gift cards back to the department.
  - b. Check Request
    - i. A Study Participant Payments Working Fund Request (SPPWFR) form is completed for a lump sum amount. Documentation from the part of the grant/contract authorizing funds for payment to study participants and the RAVEN printout showing the activity in project/account number 4862 should accompany the request.
    - ii. The SPPWFR should be submitted to Financial Services-Working Fund (FS-WF) at least three (3) days in advance of the date the check is needed in the department.
    - iii. There are two possible payees on the check:
      - Department designee – a person from the department who did not sign the SPPWFR form picks up the check from FS-WF, cashes it, and takes the cash to the store to purchase the gift cards. Checks will not be made payable to “Cash”.
      - The vendor from which the gift cards will be purchased.
    - iv. This type of payment should be charged to the sponsored project ID using account no. 4862- Study Participant Pay - Imprest.
    - v. The payee (or someone else not associated with the study) should pick up the check from FS-WF, purchase the gift cards, and deliver the gift cards back to the department.
    - vi. The original receipt from the vendor where the gift cards were purchased should be retained in the department.
  - c. On a monthly basis, the department must complete a journal entry that debits 3125 and credits 4862 for the value of the gift cards that have actually been given to study participants.
  - d. FS-WF will not fulfill additional study participant payment requests for the specified project until this journal entry has been completed. For studies that require multiple requests, a reasonable balance in 4862 will be acceptable, to allow for continuity.
  - e. A grant will not be closed by Sponsored Projects Accounting and Compliance (SPAC) if there is a balance in account 4862.
- 3. **Request for checks payable to participants**
  - a. A Study Participant Payments Working Fund Request (SPPWFR) form is completed. Documentation from the part of the

grant/contract authorizing funds for payment to study participants should accompany the request. This documentation should not disclose any protected health information about the participants beyond the minimum information needed to process the request.

- b. The SPPWFR should be submitted to Financial Services- Working Fund (FS-WF) at least five (5) days in advance of the date the check is needed in the department.
- c. The SPPWFR should include an attachment with the list of names of the study participants and the amount of each check. If amounts are for \$100 or more then the address and social security number of each payee must be included.
- d. This type of payment should be charged to the sponsored project ID using account no. 3130- Study Participant Pay-Indiv.
- e. The study coordinator should pick up the checks from FS-WF and deliver the checks back to the department.

## **B. Accounts Payable (AP) Requests**

### **1. Request for Gift Cards**

- a. Complete the [e-Z Payment Request Form](#) or a [PURO2](#) requisition within eUMB payable to a department designee who did not sign the request form.
- b. Attach documentation from the part of the grant/contract authorizing funds for payment to study participants and the RAVEN printout showing the activity in project/account number 4862.
- c. This type of payment should be charged to the sponsored project ID using account no. 4862- Study Participant Pay- Imprest.
- d. Payees will receive a check mailed directly from the State of Maryland Treasurer's Office. It can take up to three (3) weeks from the date the request was received by FS-AP for the recipient to receive the check.
- e. The payee purchases the gift cards from the vendor and delivers the gift cards back to the department.
- f. The original receipt(s) from the vendor where the gift cards were purchased should be retained in the department.
- g. On a monthly basis, the department must complete a journal entry that debits 3125 and credits 4862 for the amount of gift cards that has actually been disbursed to study participants.

- h. FS-AP will not fulfill additional study participant payment requests until this journal entry has been completed. For studies that require multiple requests, a reasonable balance in 4862 will be acceptable, to allow for continuity.
- i. A grant will not be closed by Sponsored Projects Accounting and Compliance (SPAC) if there is a balance in account 4862.

**2. Request for checks payable to study participants**

- a. Complete the [e-Z Payment Request Form](#) or a [PURO2](#) requisition within eUMB for each participant's name including address and social security number.
- b. This type of payment should be charged to the sponsored project ID using account no. 3130- Study Participant Pay-Indiv.
- c. Attach documentation from the part of the grant/contract authorizing funds for payment to study participants.
- d. Payees will receive a check mailed directly from the State of Maryland Treasurer's Office. It can take up to three (3) weeks from the date the request was received by FS-AP for the recipient to receive the check.

**Responsibilities**

**I. Schools and Departments**

- A. Maintain appropriate segregation of duties and internal control procedures.
- B. Maintain log(s) of study participants and ensure that the Principal Investigator verifies, signs, and dates all log(s). By signing the log(s), the Principal Investigator confirms the [validity of the participants](#).
- C. Maintain required documentation as described in this Procedure to comply with IRS reporting. Timely submit documentation to Financial Services – Disbursements.
- D. Ensure that funding is available for the requested expenditure.
- E. Keep all appropriate documentation in the department.
- F. Reconcile each working fund request and ensure that the reconciliations are verified, signed, and dated by the preparer, departmental administrator (or designee), and Principal Investigator. By signing the reconciliations, the preparer, departmental administrator (or designee), and Principal Investigator confirm that the study participant funds have been properly accounted for according to appropriate policies and procedures.
- G. Maintain the security of all cash, gift cards, and checks under their control. Only a limited number of individuals should have access to cash,

gift cards, or checks. It is recommended that funds be secured in lockboxes or safes with combination codes that can be changed as needed to restrict access.

- H. Have an individual not directly involved in the study submit monthly journal entries to reclassify amounts charged to the Study Participant Pay-Imprest account as cash or gift card payments are disbursed.
- I. Ensure that all departmental employees involved in the study participant payment process have been trained in HIPAA requirements and observe those requirements in interactions with participants and other UMB employees.

**II. Department of Financial Services**

- A. Apply due diligence that all supporting documentation is submitted along with each request.
- B. Working Fund retains original and backup documentation for each Working Fund request.
- C. Timely report 1099-MISC information to the State General Accounting Division.
- D. Oversee Gift Card System functions and manage the GCS gift card inventory.
- E. Ensure that all FS employees involved in the study participant payment process have been trained in HIPAA requirements and observe those requirements in interactions with participants and other UMB employees.

**III. Department of Sponsored Projects Accounting and Compliance**

- A. Notify departments if there is a balance in account 4862 after the end date of the grant.
- B. Prevent the closing of a grant unless account 4862 has a \$0 balance.

**Terms and Definitions**

Term	Definition
Principal Investigator	The individual who bears the ultimate responsibility for assuring that the conduct of a research study complies with all UMB policies and procedures.
PURO2	Method established in the UMB financial system to process transactions for payments that are not subject to standard State procurement procedures.
Reconciliation	A formal document that summarizes the funds received, distributed and remaining. Interim reconciliations should be signed and dated by the preparer. Final reconciliations should be reviewed, signed and dated by the preparer, department administrator (or designee), and Principal Investigator.
Study Coordinator	The individual who assumes administrative responsibility for insuring payments made to participants are in accordance with UMB policy and procedures.

Study Participant Log	The official record of payments to study participants. The information on the log should include, but need not be limited to: <ol style="list-style-type: none"> <li>1. The total amount and date of each Working Fund or Accounts Payable request related to participant compensation and the initials of the payment verifier</li> <li>2. The date of each payment</li> <li>3. Participant signature or initials for receipt of each payment (either on the log or as an attachment to the log)</li> <li>4. The amount of each payment</li> <li>5. For any check delivered to a participant by mail, either a copy of the check or a record of the check number, amount and date, and a record of the address to which the check was sent.</li> </ol>
Validity of the Participants	The process for providing reasonable assurance that payments are only made to individuals who are enrolled in the research study. The Study Participant Log must be compared to the research study records to validate that people listed on the log are valid study participants. The method that is used to test the validity should be documented.
Verify	To confirm the truth and accuracy by calculation, examination, investigation and/or comparison.
Working Fund	A checking account set up by Financial Services to facilitate payments where procurement procedures are not required. Checks are issued from a bank account in the name of UMB and reimbursed by the state through the General Accounting Division process.

### Exceptions

Exceptions to these procedures must be approved in writing by the University Controller (UC) in Financial Services. All requests must be submitted to the UC using the [Policy or Procedure Exception Request Form](#) available on the Financial Services website. The request must be signed/e-mailed by the Department Head or designee.

Exceptions to the related policy, [UMB VIII-99.00\(B\) Research Study Participant Payments](#) must be approved in writing by the CBFO. Exceptions requests may be submitted to the UC using the [Policy or Procedure Exception Request Form](#). Policy exception requests must be signed by the appropriate Dean/Vice President or Associate Dean/AVP.

### Forms

Forms can be obtained from the Financial Services website: <http://www.umaryland.edu/financialservices/forms/>

Form Name	Completed by	Original Sent to	Purpose
<a href="#">e-Z Payment Request</a>	UMB Department	Financial Services	Used to request checks issued from the State Treasurer's Office

<a href="#">Study Participant Payments Gift Card Request</a>	UMB Department	Retain in Department	Used to request Gift Cards through the Gift Card System
<a href="#">Study Participant Payments Working Fund Request</a>	UMB Department	Financial Services	Used to request Working Fund checks issued from UMB Financial Services

**Related Training/  
Guidance**

- I. **Sample forms**
  - A. [Study Participant Log](#)
  - B. [Cash/gift card count documentation](#)
  - C. [Study Participant Reconciliation](#)
  
- II. **Financial Services [Training Webpage](#)**
  
- III. **Gift Card System [Instructions](#)**
  
- IV. **Requisitions (PUR02)**
  - A. UPK Link:  
<http://cf.umaryland.edu/ondemandtraining/enterprise/PlayerPackage/d ata/toc.html>
  - B. UPK Menu: eUMB Financials> Managing Requisitions
  
- V. **Related policies and procedures**
  - A. [Miscellaneous Disbursements](#)
  - B. [Working Fund](#)