

HARVARD
FINANCIAL ADMINISTRATION



Human Subject Payments Policy

Financial Policy Office
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Karen Kittredge, Mgr. Policy and Business Process
Andrea Sexton, Director of Financial Policy and Compliance
Min Xiao, Mgr. Sponsored Compliance and Outreach, OSP

Financial Policy Website: policies.fad.harvard.edu



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Gifts and Celebratory Events for Employees and Nonemployees

Gifts and Celebratory Events for Employees and
Nonemployees



WHAT'S NEW

Updated 07/31/2017 - [Slides from 07/26/17 Business Expense Policy Session](#)

[Gifts and Celebratory Events for Employees and Nonemployees](#)

[Slides from 5/18/17 Gift and Celebratory Events for Employees and Nonemployees Policy Session](#)

[Financial Policy Summaries](#)

Agenda

- What is a Human Subject?
- Reporting Obligations
- High Risk Confidential Data (HRCI)
- Policy Highlights
- Caveats
- Scenario Examples
- Pop Quiz
- Additional Materials

What is a Human Subject?

- Any person participating in a research study is known as a human subject (participant). Under the federal regulations, human subjects are defined as: living individual(s) about whom an investigator conducting research obtains: 1) data through intervention or interaction with the individual or 2) identifiable private information.
- Broadly speaking, if the research involves intervention or interaction with human subjects or obtains identifiable data about them, the Institutional Review Board (IRB) must have reviewed and approved the research process before the work may start. The Institutional Review Board (IRB) determines whether activities constitute research with human subjects and/or require further review to meet federal and Harvard policy.
- IRB review is required for all human subject research; regardless of funding source.
- This policy assumes that the Principal Investigator (PI) or researcher has obtained IRB review.

Reporting Obligations

- As a payor, Harvard must satisfy certain IRS reporting obligations when making compensation payments to human subjects. Per Harvard's policy:
 - Individual payments of \$100 or less fall into the category of de minimis payments are not reported to the IRS and do not require collection of HRCI.
 - Individual payments over \$100 must be paid by check and require collection of High Risk Confidential Information (HRCI).
 - Individuals earning aggregate payments of \$600 or more in a calendar year must be reported to the IRS. These payments require collection of certain HRCI.
 - The \$600 includes payments made on the temporary payroll, prizes, grants or awards.

Enterprise Security Policy

High-Risk Confidential Information (HRCI)

Departments must adhere to security guidelines

- **High-Risk Confidential Information (HRCI):** includes a person's name in conjunction with the person's Social Security, credit or debit card, individual financial account, driver's license, state ID, or passport number, or a name in conjunction with biometric information or personally identifiable medical information about the named individual.
- Certain High Risk Confidential Information (HRCI) must be collected for individuals paid by check or who qualify to receive a 1099 or 1042-S at the end of the year.
 - HRCI collected includes full name, address, SSN or ITIN.
 - Any materials containing HRCI must be kept in a locked location and destroyed in an appropriate manner when no longer required.
 - Only necessary staff should handle HRCI.
 - HRCI information should only be collected in person, by phone, mail or fax; it should never be emailed.
- HRCI information does not need to be collected and kept by the Principal Investigator, unless it is integral to the study.

Policy Highlights

Individual Payments of \$100 or less

- May be made by cash, gift certificate, gift cards or tangible gifts
- No need to collect HRCI
- Signed receipt or acknowledgement of payment required containing the following information:
 - Fund distribution date
 - Amount distributed
 - Study location
 - Name of study
 - Acknowledgement of receipt or distribution of funds
 - Full name of subject (not required, best practice)

Policy Highlights continued

Individual Payments of more than \$100

- Payment must be made by check*
- Requires collection of HRCI to set up individual as a vendor in the HCOM system, but information may be shredded upon activation of the individual as a vendor.
- If individual earns \$600 or greater in a tax year from all Harvard funding sources they will be sent a 1099 or 1042-S at the end of the tax year.
- Foreign nationals must complete GLACIER and have appropriate authorization to be paid by check. Certain VISA types may not allow payments.

*Some exceptions may apply if study is completed overseas and individual is a non-resident alien. See the full policy for details.

Receipt Example

TEMPLATE HUMAN SUBJECTS LOG

Study Name:

Study Location:

Principal Investigator

Note: If a U.S.-based study and individual payment(s) are over \$100 or you expect to receive more than \$600 in a calendar year you must be paid by check. If you are a Foreign National being paid by check, you may also be taxed (up to 30%) on your earnings depending on IRS regulations and Harvard University policies in conjunction with your home country taxation laws.

A Harvard PI/Researcher must be aware of and fulfill any tax reporting obligations of the country in which the study is conducted. [Contact Global Support Services with questions.](#)

Cash

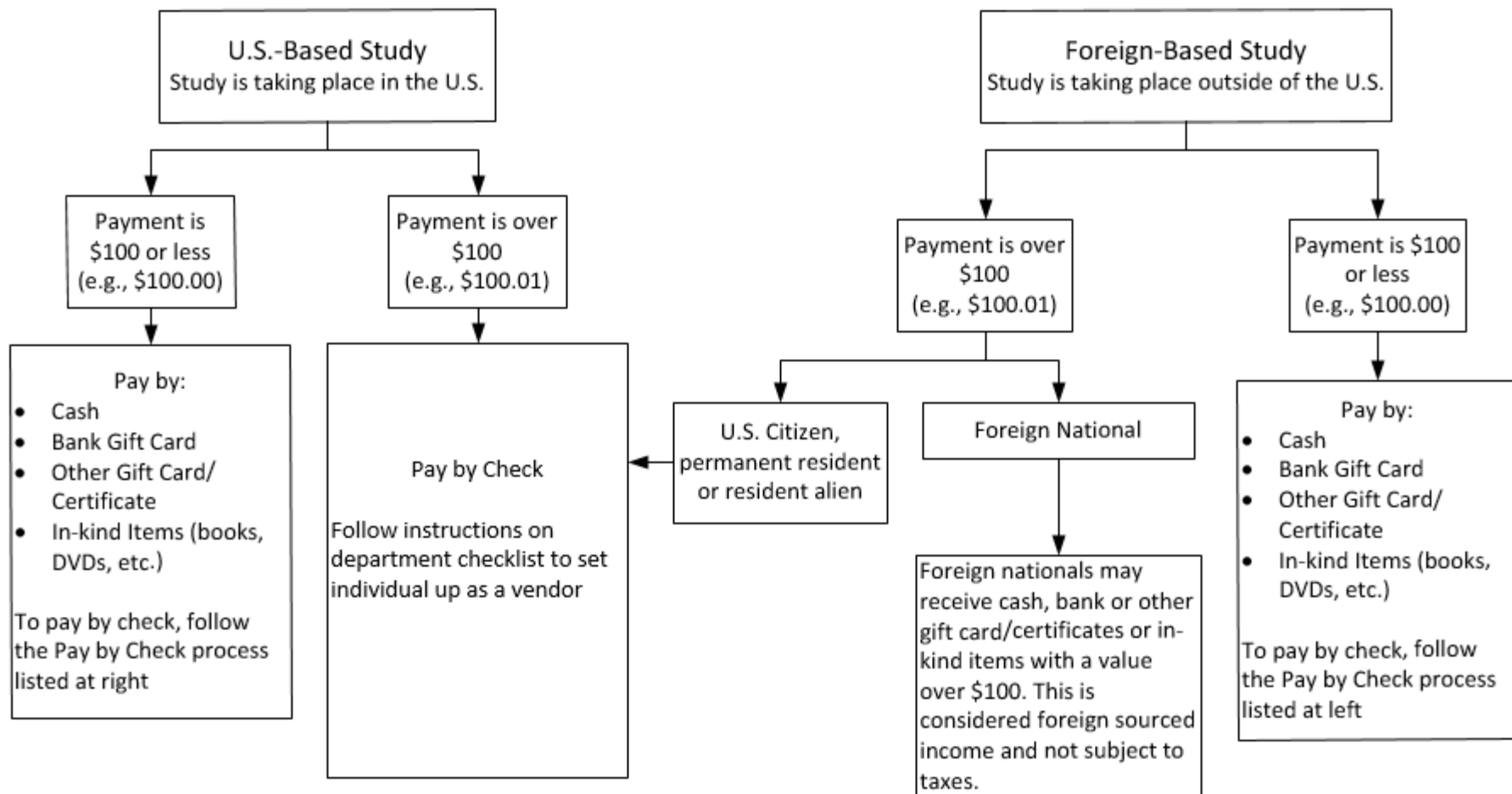
Gift Certificate/Card

	Date Paid	Subject Name	Subject Signature or Initials	Gift Card Type	Amount Paid
	5/1/2017	John Harvard	<i>JH or John Harvard</i>	Amazon Gift Card	\$ 25.00
1					
2					
3					
5					
6					

Caveats

- If a U.S.-based study participant expects to receive \$600 or more in a calendar year (e.g., receives monthly \$80 payments for 12 months), all payments must be made via check.
- In rare circumstances where a study's research integrity will be affected in a material, negative way unless compensation is made in cash over \$100, an exception with approval from the tub's financial dean or equivalent is available. The department is responsible for tracking all calendar-year cash payments over \$100, for collecting appropriate participant information (including name, address, and SSN or ITIN), and forwarding this information to Central Accounts Payable in January of the subsequent calendar year.
- Certain restrictions apply when paying a minor. See the policy for additional information.

Standard Human Subject Payments Policy Decision Tree



Please note the following:

- Refer to the full Human Subject Payments policy for additional information.
- If a U.S.-based study participant expects to receive over \$600 in a calendar year (e.g., will receive monthly \$80 payments for 12 months), all payments made to the participant must be made via check.
- Social security numbers (SSNs) and Tax ID Numbers (TINs) are high-risk confidential information. Researchers should not store forms containing these, but should work with their business/finance office to arrange prompt, secure handoff.

Processing Payments

Payment Mechanism

- Cash payments can be made from Short Term Operating Accounts (STOA) or petty cash accounts, depending on local policy.
- Check payments must be made via central Accounts Payable.
- Gift cards and in-kind items can be purchased via HCOM, declining balance card or corporate card if HCOM is not a viable option.
- Use of personal funds with reimbursement is strongly discouraged.
- When processing payments for gift cards, document the number of recipients and amount received in the business purpose (e.g., 20 gift cards at \$25 each for Study X on DATE).

Preserve Confidentiality

- No HRCI should appear on invoices or be submitted with payment request supporting documentation.

Object Codes

- Use object code 8273 – Subject Payments^Other Services
- Object code 8273 should not be used to pay for research services, data analysis, survey software or travel expenses.

Scenario Examples

U.S.-Based Study		
Pay by	Value \$100 or less	Value over \$100
<ul style="list-style-type: none"> • Bank/Gift Card • Cash • Gifts In-Kind Items 	<ul style="list-style-type: none"> • Signed receipt or acknowledgment of payment log. Keep on file with PI/Office. • Best Practice: Collect full legal name at time of payment and keep on file with PI/Office. 	
<ul style="list-style-type: none"> • Check 	Financial Paperwork: <ul style="list-style-type: none"> • U.S. Citizen - W-9 - HRCI • Foreign National - Foreign Individual Vendor Request Form - HRCI • Payment in Lieu of Invoice or Other Invoice 	Financial Paperwork: <ul style="list-style-type: none"> • U.S. Citizen - W-9 - HRCI • Foreign National - Foreign Individual Vendor Request Form - HRCI • Payment in Lieu of Invoice or Other Invoice

Scenario Examples

Foreign-Based Study – U.S. Tax Resident

Pay by	Value \$100 or less	Value over \$100
<ul style="list-style-type: none"> • Bank/Gift Card • Cash • Gifts In-Kind Items 	<ul style="list-style-type: none"> • Signed receipt or acknowledgment of payment log. Keep on file with PI/Office. • Best Practice: Collect full legal name at time of payment and keep on file with PI/Office. 	
<ul style="list-style-type: none"> • Check 	Financial Paperwork: <ul style="list-style-type: none"> • U.S. Citizen - W-9 - HRCI • Payment in Lieu of Invoice or Other Invoice 	Financial Paperwork: <ul style="list-style-type: none"> • U.S. Citizen - W-9 - HRCI • Payment in Lieu of Invoice or Other Invoice

Scenario Examples

Foreign-Based Study – Foreign National		
Pay by	Value \$100 or less	Value over \$100
<ul style="list-style-type: none"> • Bank/Gift Card • Cash • Gifts In-Kind Items 	<ul style="list-style-type: none"> • Signed receipt or acknowledgment of payment log. Keep on file with PI/Office. • Best Practice: Collect full legal name at time of payment and keep on file with PI/Office. 	<ul style="list-style-type: none"> • Signed receipt or acknowledgment of payment log. Keep on file with PI/Office. • Best Practice: Collect full legal name at time of payment and keep on file with PI/Office.
<ul style="list-style-type: none"> • Check 	Financial Paperwork: <ul style="list-style-type: none"> • Foreign National - Foreign Individual Vendor Request Form - HRCI • Payment in lieu of invoice form or other Invoice 	Financial Paperwork: <ul style="list-style-type: none"> • Foreign National - Foreign Individual Vendor Request Form - HRCI • Payment in lieu of invoice form or other Invoice

A PI/Researchers conducting a foreign-based study must be aware of, and fulfill any tax obligations of the country in which the study is being conducted. Contact GSS with questions.



Pop Quiz!



Q: I want to pay a participant 3 payments of \$100 each. Can I give them gift certificates for each payment?

A: Yes you can. The payments are \$100 or less and the cumulative amount is under \$600. If you expect the individual to earn \$600 or more in aggregate payments in a calendar year, you may want to process these payments by check or notify Accounts Payable at the end of the calendar year.

Q: I am reimbursing human subjects for cab fare to Harvard to participate in a study. What object code do I use?

A: Reimbursements for actual travel expenses (e.g., parking, mileage, or tolls) are not considered compensation by the University or the IRS and can be processed as a Non-Employee Reimbursement using the appropriate object code.

Q: How do I process a payment over \$100 to a Harvard employee?

A: What type of services were offered?

It is generally assumed that any Harvard employee participating in a human subject study will perform services that are substantially unrelated to his or her regular Harvard job. In such cases, human subject payments to Harvard employees must be processed as Payment Requests (rather than as reimbursements). **For example, an employee completes a questionnaire regarding their retirement plan. Their study participation is not similar to their regular job duties and would be paid as a payment request if the payment is over \$100.**

In the very rare situation that the services a Harvard employee performs are in fact substantially similar to his or her regular Harvard job, the human subject payment must be paid as additional pay through the University's payroll system; contact your local payroll office for more information.

Q: Do I need to worry about any tax implications when making payments to human subjects in other countries?

A: Yes - A Harvard PI/Researcher must be aware of and fulfill any tax reporting obligations of the country in which the study is conducted. Contact Global Support Services with questions.

Q: Is it ok to use an on-line survey tool such as Amazon's Mechanical Turk.

A: Yes. While on-line survey tools such as Mechanical Turk (MTurk), RapidWorkers, Swagbucks, etc. do not require the participant's name a unique identifier (such as a worker ID) is collected. A report showing worker ID, date of payment and payment amount, may act as a receipt showing participation in the study. Ensure all online tools satisfy the University's Enterprise Information Security Policy and Cloud Service Providers.

Additional Materials

[Committee on the Use of Human Subjects](#) – Campus Area

[Enterprise Security Policy](#)

[Financial Administrator Job Aid](#)

[Foreign Individual Vendor Request Form](#)

[Glacier Job Aid](#)

[Human Subjects Payments](#)

[Office of Human Research Administration for the Longwood Medical Area](#)

[Office of the Vice Provost for Research](#)

[PI Guide](#)

[Policy for the Safety and Protection of Minors](#)

[VISA Types of Foreign National Guest Speakers](#)

Definitions

- **Human Subject as Defined by DHHS:** A living individual about whom an investigator (whether professional or student) conducting research obtains (1) data through Intervention or Interaction with the individual, or (2) information that is both Private Information and Identifiable Information.
- For the purpose of this definition:
- **Intervention:** Physical procedures by which data are gathered (for example, venipuncture) and manipulations of the subject or the subject's environment that are performed for research purposes.
- **Interaction:** Communication or interpersonal contact between investigator and subject.
- **Private Information:** Information about behavior that occurs in a context in which an individual can reasonably expect that no observation or recording is taking place, and information which has been provided for specific purposes by an individual and which the individual can reasonably expect will not be made public (for example, a medical record).
- **Identifiable Information:** Information that is individually identifiable (i.e., the identity of the subject is or may readily be ascertained by the investigator or associated with the information).