

Standard Practice Guide Policies

Research Subject Incentives

501.07

Applies to: All Faculty, Staff and Research Subjects using HSIP System

I. POLICY

Research Subject Incentives are those payments made to individuals to compensate them for participation in research projects. The University pays a human subject an agreed upon amount to participate in a project. The amount paid may be subject to Federal income reporting requirements. The Human Subject Incentive Program (HSIP) Office is responsible for the distribution, reporting, and monitoring of subject incentives.

II. SCOPE

This Standard Practice Guide (SPG) is intended to establish policy for all payments to human subjects used in research at the University of Michigan and provide guidance to research investigators and administrators regarding incentives paid to human subjects, tax reporting requirements, and procedures for disbursement.

III. FINANCIAL AUTHORITY AND ACCOUNTABILITY

The University of Michigan places responsibility for financial management in the hands of principal investigators. Individuals in these roles, as well as individuals who have administrative or study team roles, should clearly understand the financial authority and institutional obligations that accompany these responsibilities.

Note: See Standard Practice Guide Section 500.1, *Fiscal Responsibilities* (/policy/500.01)

Internal Revenue Service (IRS) regulations require that individuals receiving payments for services of \$600 or greater from the University of Michigan, during a calendar year, must have the total amount of incentives reported to the IRS on a Form 1099-MISC.

IV. HUMAN SUBJECT INCENTIVE PROCESS

- A. The University recognizes the importance of encouraging individuals to participate in research as human subjects. Each subject contributes time and effort to research; some subjects may also face potential risks including those that are physical,

psychological, financial or reputational. The University permits reasonable cash payments or other types of incentives to be provided to subjects as a means of compensation for these contributions, as long as the following criteria are met:

1. Payment arrangements are specifically approved in advance by the relevant Institutional Review Board (IRB).
2. Arrangements are made by the principal investigator to assure proper accounting of payments made to subjects for fiscal accountability and federal tax purposes with due consideration for the privacy and confidentiality of the subjects.
3. Unused funds allocated for payments to subjects must be accounted for at regular intervals and returned to the funding source to ensure proper controls and accounting.
4. Undistributed tangible incentives, such as t-shirts and trinkets remain the property of the University and should be disposed of in accordance with Standard Practice Guide Section 520.1, *Acquisition, Use and Disposition of Property* (/policy/520.01).
5. Payments are requested through the approved HSIP system.

B. INTERNAL CONTROLS

University units must follow proper procedures and exercise internal controls when handling the payment of human subject incentives. A system of internal controls is designed to provide reasonable assurance that errors will be detected and corrected in the normal course of activities. Necessary components of this system include:

1. Segregation of duties between those who request, approve, and become custodians of incentive funds.
2. Written procedures and documented controls that clearly outline the details of departmental processes for obtaining and disbursing human subject incentives.
3. Tracking, inventory, or logging process should be in place to ensure all funds, types and whereabouts of subject incentives are known.
4. Controlled access to resources such as cash/checks, cash equivalents, deposit supplies, account information, and personal information
5. Evidence and any unused subject incentives with no intended future use should be returned within 30 days unless approved by HSIP Office.
6. Verification and reconciliation of financial information should occur on a timely basis.

Please refer to the internal controls guidance located on the HSIP website <https://finance.umich.edu/treasury/hsip> (<http://finance.umich.edu/treasury/hsip>) for more details related to internal controls.

C. COLLECTION AND STORAGE OF IDENTIFIABLE DATA

Research projects, including the payment of human subject incentives, should be designed to minimize the risk of harm to subjects by collecting only necessary sensitive data and carefully managing its storage.

All information connected with the HSIP system will be kept in a central secure location. Direct access to this data will be restricted to the HSIP Office.

Since the data collected through the HSIP system is stored in a secure central location, departments should not keep this data at their location. When internal or external audits occur, Financial Operations will collect information from the HSIP Office to verify payment information.

Appropriate evidence should be collected, maintained and provided to be consistent with SPG guidelines. More information regarding the appropriate evidence can be accessed via the HSIP system (Wolverine Access).

Evidence should be submitted consistent with HSIP Office guidelines and destroyed once verification of receipt from HSIP Office is received.

For details regarding the HSIP process see <http://finance.umich.edu/treasury/hsip> (<http://finance.umich.edu/treasury/hsip>), (<http://www.treasury.umich.edu/hsipabout.htm>) or email subject-incentives@umich.edu. (<mailto:subject-incentives@umich.edu>)

Notes

May 29, 2020 updated links

File Attachments

Printable PDF of SPG Section 501.07, Research Subject Incentives (May 2020)
(https://spg.umich.edu/sites/default/files/policies/501x07x00_05-29-2020.pdf)

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Related Policies:

Acquisition, Use, and Disposition of Property (Exclusive of Real Estate) (</policy/520.01>)

Fiscal Responsibilities (</policy/500.01>)

Related Links:

Study Coordinator Resources (<https://finance.umich.edu/treasury/hsip/requester-study-coordinator-resources>)

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