Description:
Gift cards are the preferred method of making payments for reimbursements and nominal incentives to research participants in approved studies. The receipt of a gift card does not change the requirements for individuals to report them to the IRS as cash payments.

Purpose:
Most payments to research participants involve small amounts of money, typically less than fifty dollars. But some studies involve large numbers of participants over several years and the total amount of money involved in such studies can total several thousand dollars over the life of the study. The following procedures ensure an effective and efficient means to make payments to individuals for participation in research protocols, projects, or studies and properly account and report these payments in compliance with the Internal Revenue Code. The IRS requires study participant payments aggregating $600 or more paid to an individual during a calendar year to be reported on IRS Form 1099-MISC, Miscellaneous Income. Aggregate payments to subjects in approved studies must be carefully tracked to ensure due diligence with regard to this requirement. University faculty and staff have the legal obligation to both maintain confidentiality of individuals who take part in University research studies and satisfy the demands of financial accountability. In the event of an IRS audit, it will be the joint responsibility of the Principal Investigator and Office of Business and Finance to supply all required supporting documentation for human subject payments. Business and Finance requires that research related documents pertaining to payment to research participants must be retained for a period of seven years from the date of initial disbursement. The Principal Investigator is also required to comply with the data retention requirements from a study sponsor which may be shorter or longer.

Organizational Responsibilities:
The Principal Investigator (PI) must justify the payment to research participants plan in the research protocol application. The application must be approved by the Human Research Review Committee (HRRC) prior to initiating the research. The payment plan must specify the total value of gift cards to be paid to research study participants for any approved expenses including incentives, compensation, remuneration or reimbursement. The plan should describe the method and schedule of disbursements of all payments. The PI is personally accountable for all funds received for purchase of gift cards, for all disbursements to research participants, and for following the Business and Finance procedures associated with the use of gift cards as described below. Gift cards are to be kept secure and under lock and key. Between scheduled gift card disbursement dates a custodian for the gift cards who is not a member of the research team should be appointed by the unit head.

GVSU’s Human Research Review Committee is charged with the responsibility to approve any plan for making payments to research participants and to minimize any potential for undue influence to participate or to continue participation. Any planned payments to minors must be
explicitly addressed in the research protocol payment plan and approved by the HRRC. Any changes made to an approved research payment plan must be approved by both the HRRC and the fund granting sponsor of the study.

The Center for Scholarly and Creative Excellence (CSCE) is charged with the responsibility for oversight and approval of payments to research subjects from University administered funds including those originating from external (non-GVSU) sponsors. The CSCE works closely with the Office of the Controller and Accounts Payable to ensure that all financial records and reporting meet the University’s standard accounting practices. The CSCE also consults with GVSU’s Office of Sponsored Programs (OSP) concerning any issues that arise regarding allowed budgetary items on externally sponsored grants and contracts.

Procedures:

**Purchasing Gift Cards from Vendors**

1. The Principal Investigator can purchase the gift cards using personal funds or use a Travel Advance form. The gift card purchase receipt and a copy of the HRRC approved payment plan must be attached to the Travel and Expense form for reimbursement. The maximum reimbursable amount is $500 at any one time. Under exceptional circumstances, and with written support from the HRRC Chair, variance from this limit may be appealed to the Center for Scholarly and Creative Excellence.

2. GVSU purchasing cards may not be used to buy gift cards.

**Custody and transfer of gift cards**

3. Custody of the gift cards should be physically secured at all times by lock and key. Gift cards should be used only for research participant payments in accordance with the HRRC approved research study plan.

4. Custody of the gift cards between scheduled payment disbursals should be with one designated custodian who is a GVSU employee and who is not a member of the research team.

5. For transfer of gift cards from the PI to the card custodian, the **HRRC Gift Card Transfer Receipt: Principal Investigator to Card Custodian** form, including the PI name, research protocol file number, serial numbers of each card, must be signed and dated by the custodian and the PI.

6. For transfer of gift cards from the card custodian to the Research Team Member, the **HRRC Gift Card Transfer Receipt: Card Custodian to Research Team Member** form, including the PI name, research protocol file number, serial numbers of each card, must be signed and dated by the custodian and the receiving research team member.

**Gift Card Disbursement to Research Participants**

7. Disbursement of gift cards to individual research participants should be documented by an identifiable member of the research team using the **Certification of Payment to Human Subject Participants** form.

8. When a research participant receives an incentive payment, he/she will be provided with 1) the gift card, and 2) written or verbal notification that the gift card represents taxable income for IRS purposes. In return, the research participant will initial the **Certification of Payment to Human Subject Participants** form.

9. If it is not feasible to get the research participant to initial the **Certification of Payment to Human Subject Participants** form, the researcher should initial the log and document the participant’s inability or refusal to record payment receipt.
**IRS Information**

a) If the total value of gift card payment is less than $50 per individual per research study no personal information from the participants is required.

*For example: If a research participant receives three (3) $10 gift cards, no tax information necessary.*

b) If the total value of gift card payment is $50 or more per individual per research study, the following personal tax information must be collected and retained by the Principal Investigator. Name, social security number or other federal ID number, address.

*For example: If research participants receive three (3) $20.00 gift cards then their personal tax information must be collected and retained by the Principal Investigator.*

c) If the total value of gift card payment is $100 or more per individual per study, then the personal tax information must be collected and sent to the Data Control desk in the Accounting Office.

*For example: If research participants receive four (4) $25.00 gift cards then their personal tax information must be collected and sent to the Accounting Office.*

**GVSU Employees as Research Participants**

d) If a research participant is employed by GVSU in any capacity then any payment of gift cards to that employee for research participation must be reported to GVSU payroll using the *GVSU Employee Research Participant Gift Card Recipient Reporting* form.

*For example: If research participant is any kind of employee and is given a gift card to participate in the study a supplementary payment form must be sent to the Payroll Office so that the gift card amount can be added to the employee’s taxable wages.*

**Reconciliation of Purchases and Payments of Gift Cards**

10. Reconciliation of research related payments by the Principal Investigator to study participants should be done monthly and must be done at least quarterly. The reconciliation should be sent to the Business Finance Office and a copy maintained securely. If the Principal Investigator received a cash advance to purchase the gift cards the expenses must be recorded on a standard T & E Expense Form. The total amount of payments reported as disbursed to study participants must agree with the total amount reported on the *Certification of Payment to Human Subject Participants* form and the total number of gift cards retained. In accordance with the Travel Advance Policy, any cash advance provided to a Principal Investigator for which there is unsubstantiated payment distribution records will be deducted from the PI’s next paycheck. The certification of payments to human subject’s participants can be audited at any time by the Accounting Office.

11. At the end of the research study, the inventory of the gift cards should be reconciled by the custodian. Any unused gift cards (which should be minimal) should be logged by individual or group serial number(s) and sent to the Center for Scholarly and Creative Excellence to use in future approved research studies. Final reconciliation will include sign off of the PI and the custodian.

12. Principal Investigators are personally responsible for any gift cards in their possession at any time.

13. The Principal Investigator’s research data log of gift card disbursements is subject to financial audit at any time by the GVSU Accounting office to ensure that records are accurate and current.
HRRC Gift Card Transfer Receipt
From: Principal Investigator
To: Card Custodian

Principal Investigator: ________________________________________________
                                      Please Print

Research Protocol File #: ____________________________________________
                                      Please Print

Gift Card Expense Reimbursement Info:

<table>
<thead>
<tr>
<th>Date Submitted</th>
<th>Amount of Reimbursement</th>
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Name of Card Custodian: ____________________________________________
                                      Please Print

Date of Transfer: _________________________________________________

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<tr>
<th>Vendor</th>
<th>Card Value</th>
<th>Card Serial #</th>
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Total Value of Cards Transferred
(Should equal amount of expense reimbursement listed above)

Signature of Custodial Card Holder Receiving Cards ____________________________ Date __________

Signature of Principal Investigator ____________________________ Date __________
HRRC Gift Card Transfer Receipt
From: Card Custodian
To: Research Team Member

Principal Investigator: ______________________________________

Research Protocol File #: __________________________________

Name of Card Custodian: _____________________________________

Research Team Member Receiving Gift Cards: ____________________

Date of Transfer: ____________________________________________

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Signature of Research Team Member Receiving Cards: ________________________ Date: ____________

Signature of Custodial Card Holder: ________________________ Date: ____________
Certification of Payment to Human Subject Participants

1. Administrative Information:
   Principal Investigator:
   PI Department/Unit Name:
   HRRC protocol file Number and approval date:
   Grant/Contract to be charged (if any):

   Has a cash advance been issued? No:________ Yes:________

   If yes, indicate amount and date: Amount:_________ Date:_________

2. Disbursement Record:

<table>
<thead>
<tr>
<th>Date Paid</th>
<th>Gift Card Serial Number</th>
<th>Research Participant Study ID #</th>
<th>If GVSU Employee Record G Number</th>
<th>Gift Card Amount</th>
<th>Recipient Signature or Initials</th>
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I certify that the above information is true and correct: ________________________________

Principal Investigator | Date
GVSU Employee Research Participant
Gift Card Recipient Reporting From
This form must be completed and submitted to the
Payroll Office in 1035 Zumberge Hall

Employee Name: ____________________________ G#: ____________________

Total Value of Gift Cards Received: $ __________

I agree that as a condition of receiving the compensation listed above for my participation in a human research project, GVSU is required to report this compensation to the Payroll Department and the full amount will be added to my taxable wages for the current tax year.

Signature of Employee ____________________________ Date __________

Signature of Research Team Member ____________________________ Date __________