

Subject:  <b>RESEARCH PARTICIPANT COMPENSATION FUNDS</b>	Issued By: <b>FINANCE DEPARTMENT</b>		
	Approved By: Kathleen R. Hurtado President & CEO		
Policy #: 402.2	Issue Date: June 1, 2008	Revised Date: June 4, 2008	Effective Date: June 4, 2008

Reference: Original Research Participant Compensation Funds Policy dated 4-20-08 and updated as of 6-1-2008; USC Fiscal Policies: 400 Series; updated per Finance Dept. and USC Expenditure Policies and Procedures dated 5-1-2008 located here: <http://policies.usc.edu/policies/expmanual050108.pdf>. This Policy & Procedure replaces two previous HRA Policies: the “Petty Cash/Patient Reimbursement Policy” and the “Patient Reimbursement Policy.”

**PURPOSE**

To establish guidelines for allowable payments to Research Participants according to IRB policy, Federal Office of Human Research Protection (OHRP) regulations (45 CFR Part 50, 54), and Internal Revenue Code (IRC) section 6721-24 reporting requirements, as well as to establish, use, and track HRA’s Research Participant Compensation Fund accounts. ***NOTE: Synonyms for patient = study participant, Research Participant and/or study subject. Synonyms for project = study and/or protocol. A synonym for payment = reimbursement.***

**POLICY**

- 1. COMPLIANCE WITH RULES AND REGULATIONS:** HRA, Principal Investigators (PIs) and all Study Staff must comply with IRB policies, Federal regulations related to human subjects’ protection, and IRS rules;
- 2. PAYMENTS MUST BE IRB APPROVED, IN THE STUDY BUDGET AND LISTED ON THE INFORMED CONSENT FORM (ICF):** Research Participant Compensation Fund payments are monies advanced to an HRA Project in the name of an individual who is an authorized HRA signer. They are intended to cover small-dollar payments (less than \$100 per payment) and are to be kept in a locked cash box segregated from all other petty cash. Research Participant reimbursements must be approved by the IRB, clearly stated in the IRB-approved ICF and included in the study budget. Nothing other than Research Participant reimbursements is allowed to be paid to Research Participants. A full accounting of all Research Participant reimbursements must be submitted to HRA periodically and all expenditures must be substantiated by signed Research Participant Compensation Fund Vouchers submitted to HRA’s Project AP Department. These signed vouchers serve as receipts;
- 3. MUST HAVE POSITIVE ACCOUNT BALANCE TO RECEIVE RESEARCH PARTICIPANT COMPENSATION FUNDS:** Research Participant Compensation Fund payments are available only to the extent that HRA has collected funds from the project’s Sponsor unless otherwise authorized in writing, in advance, by HRA’s CEO, CFO, Finance Manager or Project Accounting Supervisor;

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4. **ONLY ONE RESEARCH PARTICIPANT COMPENSATION FUND ACCOUNT PER PROTOCOL:** Only one Research Participant Compensation Fund for Research Participant reimbursements will be established for each HRA clinical research project. Research Participant Compensation Funds must be used for Research Participant payments of \$99.99 or less, and must not be comingled with any other cash;
5. **FOOD VOUCHERS AND OTHER NON-CASH RESEARCH PARTICIPANT COMPENSATION:** Other than check or cash, Research Participant reimbursements also may be in the form of a food voucher or any other form of compensation as approved by the IRB. HRA prefers cash payments, which must be made from a project-specific Research Participant Compensation Fund. If a Research Participant Compensation Fund is used to purchase items to be offered as non-cash Research Participant compensation (such as food vouchers); the [Research Participant Compensation Fund Voucher](#) must still contain the Research Participant’s full name, as well as the Research Participant’s ID number, the Research Participant’s signature, the payment date, visit number, and both the item number and dollar amount entered on the description line for each single item distributed to the Research Participant in order for the Research Participant Compensation Fund to be replenished for such purposes;
6. **HRA CASH BOX MANDATORY:** It is mandatory that a locking cash box, ordered from HRA, be used to secure all Research Participant Compensation Funds – including non-cash forms of compensation such as gift cards – and segregate them from all other cash and compensation;
7. **RESEARCH PARTICIPANTS MUST BE PAID PER THE IRB-APPROVED ICF:** Research Participant reimbursements must be issued in accordance with the IRB-approved ICF;
8. **PAYMENTS GREATER THAN OR EQUAL TO \$100 MUST BE PAID BY CHECK:** Any individual Research Participant payment equal to or greater than \$100 requires the submission of a “Reimbursement Requisition for Research Participant Form” to HRA for check processing purposes. A blank copy of this form can be found here: [http://www.health-research.org/files/PatientR\\_Form.pdf](http://www.health-research.org/files/PatientR_Form.pdf). For the convenience of the PI, such checks can be processed and made available 30 days prior to a Research Participant’s visit;

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9. **RESEARCH PARTICIPANT COMPENSATION FUND VOUCHERS MUST BE SIGNED BY BOTH THE RESEARCH PARTICIPANT AND THE PERSON DISBURSING REIMBURSEMENTS:** Up-to-date Research Participant Compensation Fund Voucher forms must be maintained by the PI or their designee (such as a Department or Division Business Manager) during the course of each study. Both the Research Participant receiving the payment and the employee disbursing the payment must sign each voucher. The visit date, visit number, the Research Participant’s full name, Research Participant ID number, and the amount disbursed must always be included on all vouchers;
10. **ANY CHANGES TO PAYMENT AMOUNT MUST BE RESUBMITTED TO IRB:** The PI must submit any proposed changes to the stated Research Participant reimbursement amount to the IRB as an “Informed Consent Amendment.” IRB approval must be obtained PRIOR to disbursing the new amount to Research Participants;
11. **PAYMENTS SHOULD NEVER VARY FROM THE IRB-APPROVED ICF:** HRA is not responsible for – nor are we legally permitted to – reimburse Research Participants with payments that vary from the final IRB-approved ICF amount(s). Payments for items not detailed in the IRB-approved project budget must be paid “out of pocket”; i.e., from a different source of funding other than the Research Participant Compensation Fund;
12. **RESEARCH PARTICIPANT COMPENSATION FUND BALANCES:** Research Participant Compensation Funds are generally opened for between \$500 and \$2,000 per project. Other amounts may be approved based upon the activity of a particular project but only as pre-authorized, in writing, by HRA’s CFO or Finance Manager.
- HRA has the exclusive right to determine the appropriate Research Participant Compensation Fund amount based upon:
- The expected cash required to provide for Research Participant reimbursements;
  - The expenses, as detailed in the project’s IRB-approved budget, and;
  - The expected duration of the project;
13. **ONLY HRA, USC OR LAC EMPLOYEES MAY HANDLE CASH:** Independent Contractors and/or other non-employees of HRA, USC or LA County are forbidden from handling cash which is the property of either HRA, USC or LA County;

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14. **NON-TRANSFERABLE:** Research Participant Compensation Funds may not be transferred from one PI to another. In the event that the PI of a particular HRA project changes, the outgoing PI must refund any remaining Research Participant Compensation Funds to HRA and account for any monies spent. Subsequently, a new Research Participant Compensation Fund may be opened in the name of the incoming PI;
15. **AUDITING AND MISMANAGEMENT:** HRA has the right to and will periodically audit Research Participant Compensation Fund accounts held by PIs. HRA also has the right to suspend Research Participant Compensation Fund “privileges” if it is determined that a Research Participant Compensation Fund was mismanaged by any particular individual;
16. **PAYMENTS TO RESEARCH PARTICIPANTS ONLY:** The Research Participant Compensation Fund ONLY MAY be used to compensate or reimburse properly accrued Research Participants for their participation in a particular HRA clinical research project;
17. **SPECIFIC DESCRIPTIONS REQUIRED:** The descriptions “Other” and/or “Miscellaneous”, as well as synonyms of these words, may not be used to describe a Research Participant Compensation Fund payment.

**PROCEDURES**

1. **A PETTY CASH ACKNOWLEDGEMENT FORM MUST BE COMPLETED:** Every time HRA advances funds for a Research Participant Compensation Fund account, a Petty Cash Acknowledgement Form must be completed by the PI or their designee. There are two separate forms pertaining to this matter: one for the establishment of a new Research Participant Compensation Fund (located here: <http://www.health-research.org/files/PCAckInit.pdf>) and another for the replenishment of an existing Research Participant Compensation Fund (located here: <http://www.health-research.org/files/PCAckReplen.pdf>);
2. **EXISTING PROJECTS WITH CURRENTLY COMINGLED PETTY CASH FUNDS WILL BE REQUIRED TO PURCHASE A SECOND CASH BOX:** Projects underway prior to the effective date of this Policy & Procedure will be required to establish separate accounts – one for the Research Participant Reimbursement Fund and the other for Office Supply Petty Cash – as directed by HRA's Project AP Staff Member. Whenever HRA issues a cash box to a particular project, a \$25 one-time cash box fee will be charged to the project in question;

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3. **OBTAINING RESEARCH PARTICIPANT COMPENSATION FUND ACCOUNTING SUPPLIES:** To create a Research Participant Compensation Fund, a project must obtain a Research Participant Compensation Fund cash box, Research Participant Compensation Fund Vouchers, and a Research Participant Compensation Fund Disbursement Log. The PI or their designee must also complete and return to HRA a Petty Cash Acknowledgement Form. Cash boxes may be requested by contacting HRA’s Project AP Staff Member. The vouchers and the disbursement logs may be downloaded from the HRA website at these locations: ([Research Participant Compensation Fund Voucher](#) & [Research Participant Compensation Fund Disbursement Log](#)). There will be a one-time charge of \$25 to the project for each cash box required;

4. **WITHHOLDING ON RESEARCH PARTICIPANT PAYMENTS:** HRA will withhold 28% of all payments to any single Research Participant who is unable – or unwilling – to provide HRA with their Social Security number. A Research Participant who is expected to receive more than \$599.99 in payments during any one calendar year will be required to complete a W-9 Form for IRS purposes. The W-9 Form may be downloaded from here: <http://www.irs.gov/pub/irs-pdf/fw9.pdf?portlet=3>. When an annual payment to a single Research Participant is \$600 or more, the Research Participant will receive an IRS Form 1099-MISC from HRA. ***NOTE: Research Participant reimbursement amounts may not be altered (increased or decreased) without prior, written IRB approval;***

Whenever a Research Participant does not have a legal California address, HRA is required to withhold 7% California State income tax. The Research Participant may be eligible to receive full or partial reimbursement of these withheld funds by filing a personal California State Income Tax Return. HRA will not withhold 7% California State Income Tax if a non-California resident has registered through the Office of the Secretary of State or has provided HRA with a completed California Withholding Exemption Certificate Form 590 available at: [http://www.ftb.ca.gov/forms/2008/08\\_590.pdf](http://www.ftb.ca.gov/forms/2008/08_590.pdf);

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5. **REPLENISHING RESEARCH PARTICIPANT COMPENSATION FUND ACCOUNTS:** Once a Research Participant Compensation Fund has been depleted – or nearly depleted – a Purchase Requisition, Research Participant Compensation Fund Vouchers, the completed Research Participant Compensation Fund Disbursement Log and any other supporting documentation **MUST** be submitted to HRA prior to replenishment. A Research Participant Compensation Fund must be replenished using funds from the same HRA project number and may not be comingled with any other Research Participant Compensation Funds. Research Participant Compensation Fund replenishments must be done via ACH direct deposit because these are more secure and efficient than paper checks. Under no circumstances will a Research Participant Compensation Fund account be replenished by paper check. PIs or their Study Teams will be required to complete a Direct Deposit form (available from the Project AP Staff Member) so that such transfers may be made into their existing account. If the PI has no existing bank account for such purposes, HRA will pay for an account to be set up in the PI's name at the USC Credit Union. In all cases a Petty Cash Acknowledgement Form must be completed by the PI or their designee, confirming receipt of Research Participant Compensation Funds;
6. **VOUCHERS MUST BE COMPLETED FOR EACH DISBURSEMENT:** Research Participant Compensation Fund Vouchers must be completed for each disbursement from a Research Participant Compensation Fund and signed by both the person receiving the payment and the person disbursing the payment. The Research Participant Compensation Fund Voucher and all Research Participant Compensation Fund Disbursement Log entries should indicate the payment date, the amount of the payment, the Research Participant's full name, Research Participant ID number, the visit number and the HRA project number;
7. **PI HAS SOLE RESPONSIBILITY FOR PHYSICAL SECURITY OF FUNDS** The PI has sole fiduciary responsibility for Research Participant Compensation Fund monies. Upon termination of employment or upon changing departments, the PI must either close or settle all Research Participant Compensation Fund accounts. For appropriate financial control purposes, Research Participant Compensation Funds will only be established and disbursed in the name of the PI for a particular HRA project. However, PIs may delegate authority for processing Research Participant Compensation Fund reimbursements to a qualified employee such as the Research Coordinator or an administrative person. Independent Contractors are not authorized to handle cash under any circumstances. (*Refer to HRA's separate Independent Contractor Policy located here: <http://www.health-research.org/files/Independent.pdf>*);

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8. **A USC DEPARTMENT OF PUBLIC SAFETY (DPS) REPORT REQUIRED FOR LOST OR STOLEN FUNDS:** The PI has sole responsibility for the physical security of all Research Participant Compensation Funds, as well as for the accounting of these funds. In the event of loss, theft or mismanagement, the PI – not HRA – is responsible for reporting any theft to the USC DPS (business number = (323) 442-1200). Replenishment of a Research Participant Compensation Fund account due to theft must be accompanied by a copy of the DPS report and approved by HRA’s President and CEO;
  
9. **RETURNING UNUSED FUNDS:** At the time that a project is completed – but before HRA closes the project account – any remaining Research Participant Compensation Fund monies must be returned to HRA, in cash and in person, along with any outstanding vouchers. Voucher amounts plus any leftover cash must equal the balance on record with HRA;
  
10. **“STRICT” PROJECTS MUST CLOSE RESEARCH PARTICIPANT COMPENSATION FUND ACCOUNTS ANNUALLY:** Research Participant Compensation Fund accounts associated with “Strict” (government sponsored) projects must be returned to HRA at the end of every calendar year along with an accounting of that year’s Research Participant Compensation Fund expenditures. After review, a new Research Participant Compensation Fund account may be opened for the project to fund Research Participant payments in the new calendar year.

**RESPONSIBILITY**

PIs  
Study Teams  
HRA’s Accounts Payable Department  
HRA’s Project Accounting Department