

Department of Family and Community Medicine



Internal Guidelines: *Participant Incentives*

Effective date: 12/13; 2/15; 10/15

POLICY STATEMENT

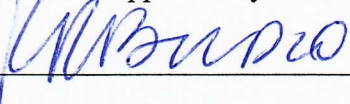
The University conducts research, including human subjects research, and other non-research activities that require or benefit from participants taking part in the event. Non-research activities might include, for example, a student poster presentation or a staff survey for which prizes are provided to encourage participation. To compensate for participation, cash payments and non-cash incentives may be provided to participants if allowed by a contract or grant, or other University funding sources, and made in accordance with applicable laws, regulations, and University policies. Cash payments and non-cash incentives are collectively referred to as “incentives” in the remainder of this policy. (UAPPM 2480 1.0)

APPLICABILITY

This guideline applies to all Department of Family and Community Medicine (DFCM) employees (faculty, staff, and students; full-time and part-time.)

GUIDELINE AUTHORITY

This Guideline is approved by the Department Administrator and/or the Chair of the DFCM.

 (signature) Oct 28, 2015 (date)

INTERNAL CONTROL

Cash Management Training

Merchant/bank cards are treated like cash. Prior to obtaining approval to purchase the cards (or petty cash,) individuals and their direct supervisors must take the cash management training course offered by the University Employee and Organizational Development Department. This is a web-based certified course. Please print the certificates and have them available for review. See the following EOD website for the 30 minute training:

[Cash Management Training Class](#)

Procedure for Purchasing Participant Incentives

The preferred payment method to participants (that are not being paid by a UNM Banner system Direct Pay Invoice (DPI)) is by merchant cards (e.g. Wal-Mart or Target) or pre-loaded bank cards (e.g. Visa or MasterCard.) The Principal Investigator (PI) and his/her administrative support person for the contract/grant are fiscally responsible for purchasing the cards, which must be purchased directly with a purchasing card or purchase order. **UNM will not reimburse individuals for purchasing incentives.** The PI and support person are also physically responsible for securing the purchased cards.

Note: It is best practice to purchase merchant cards in smaller quantities to lessen the possibility of excess inventory on the contract or grant.¹

Procedure for Purchasing Participant Incentives

1. Submit the DFCM *Approval for Use of Participant Incentives in Research Studies* form to the Accountant and the Department Administrator for approval. All forms are on the DFCM's website.

[Form #1 –Approval](#)

The following must be included on Form #1:

- Quantify the number of cards needed; the amount for each merchant/bank card; the responsible PI; the award title of the contract or grant, and the funding agency sponsoring the incentives.
 - Obtain the signatures of the individuals responsible for purchasing, securing, reconciling and distributing the participant incentives.
2. Submit a one-time request for a purchasing card exception to the Financial Services and Purchasing departments prior to purchasing merchant/bank cards
 - A copy of the grant budget and budget justification for the purchase of the merchant/bank cards is required for approval.

¹ UNM Internal Audit Control Self Assessment Questionnaire (July 2013), Cash and Cash Management, pg.# 13, control point #9

Note: The merchant/bank cards are treated like petty cash. All receipts detailing the amount of each card must be recorded. Receipt information must be stored for 5 years after the completion of the contract or grant in conjunction with contract and grant record retention guidelines.

3. A numbered log is to be prepared as soon as the cards are purchased. This form will assist reconciling, tracking and auditing the merchant/bank cards.² All forms are on the DFCM's website.

[Form #2 - Participant Merchant Card Log](#)

Procedure for Securing Participant Incentives

1. Merchant cards must be physically secured at all times in a locked location out of public view.³
2. The PI or administrative support personnel is responsible for securing merchant/bank cards under each individual contract or grant.
3. The employee that secures the merchant/bank cards must be someone other than the reconciler of the cards.
4. Approval of the release of the merchant/bank cards by the PI is required via email and must be kept with the merchant/bank card reconciliations.
5. A log must be kept of all merchant/bank cards by each individual contract or grant.

Each card must be assigned an identifying number for the study that increases security for the merchant cards and autonomy for the individuals in the study.

Required Documentation

1. Incentives of Less than \$600 in a Calendar Year

When incentives to individual participants total less than \$600 in a calendar year, departments should use the Participant receipt form less than \$600.00 to track basic information for internal departmental use. These forms collect the following information, which should be collected from each participant before the incentive is distributed: These forms must be filled out before participant incentives are distributed. **(This includes incentives sent by email.)**

- Name of the participant (or unique identifier for confidential studies).
- Participant's signature (or checkmark for confidential studies) acknowledging the receipt of the incentive.
- Date incentive was provided to the participant.

² UNM Internal Audit Control Self Assessment Questionnaire (July 2013), Cash Management, pg.# 15, control point #7

³ UNM Internal Audit Control Self Assessment Questionnaire (July 2013), Cash and Cash Management, pg.# 13, control point #8

- Value (for cash) or fair market value (for non-cash) of the incentive.

The Participant form for less than \$600 is for internal departmental use only, and should not be forwarded to any other office unless specified on the form.

Form #3-Under \$600

2. Incentives of \$600 or More in a Calendar Year

In the event that University distributes an individual incentive or series of incentives with a value (for cash) or fair market value (for non-cash) of \$600 or more in a calendar year, the University is required by IRS regulations to submit a 1099 form.

Departments are responsible for tracking incentives to participants, and confirming whether any other incentives from the University occurred. If individual or aggregate incentives from UNM equal \$600 or more within a calendar year, departments must use the Participant receipt over \$600 form and forward it as directed on the form within two (2) weeks after the incentive that meets this threshold is distributed. Departments are responsible for protecting social security numbers in accordance with [UAP 2030 \("Social Security Numbers"\)](#).

If the payment is processed as a check through a DP-EZ, it is not necessary to forward the Participant Receipt Form to Accounts Payable.

If the above information is not collected, the department conducting the program will be responsible for all penalties and accrued interest assessed by the IRS for non-compliance.

Form # 4 - \$600 or more

Procedure for Reconciling Participant Incentives

1. Monthly reconciliation of participation incentives is required to be completed by an employee other than the employee securing the merchant cards. Both employees will initial the Reconciliation Log.⁴
2. The Reconciliation Log is to be reviewed and signed by the PI for accountability purposes.
3. Reviews of the participant incentive logs, receipts, cards, and budget justifications will be performed by DFCM Accounting on a random basis.
4. Once the contract or grant ends, any excess cards will be transferred from the award index, and the value of the remaining merchant/bank cards will be charged to the PI's residual index. Once in the PI's residual index, transfers may be made to another contract or grant (please discuss with your

⁴ UNM Internal Audit Control Self Assessment Questionnaire (July 2013), Cash Management, pg.# 15, control point #6

accountant.) The participant incentive process will then begin on the new grant. This 'cash inventory' must continue to be reconciled on a monthly basis and in accordance with UNM cash management policies.

- If the excess cards are not used for grants, they can be used for purchases that are allowable on the PI's residual account in accordance with UNM Policies and Procedures.

Note: The merchant and bank cards are treated like cash. All receipts must be accounted for including the amount of each card and the receipt information stored for 5 years after given out per Federal record retention guidelines.

Procedure for Reporting Participant Incentive Information

University Employees

The value of all incentives given to participants who are University employees (faculty, staff, and students), regardless of amount, must be reported to Payroll. Incentives to University employees must comply with all University policies, including those pertaining to [compensation](#) and [conflict of interest](#). Gift cards are considered cash payments by IRS and included in an employee's taxable income. (One exception is gift cards issued to customers in exchange for returned merchandise, such as by the University Bookstore.) An employee can prevent these tax implications by refusing receipt of the incentive at the time it is offered or earned.

Non-Employees

The value of certain incentives made to non-University employees may be reportable to the IRS. As noted in section 3.1 above, incentives to any individual must be kept below \$600 in any calendar year in order to not collect the necessary information for IRS Form 1099 reporting.

Foreign Nationals

Contact the University Taxation Department in advance for reporting requirements and guidance regarding incentives to foreign nationals. These incentives will be subject to tax withholding. To the extent possible, incentives to individuals identified as foreign nationals must be reported to the University Taxation Department prior to the program or event. Incentives to foreign nationals are made in accordance with [UAP 2180 \("Foreign Nationals"\)](#).

Departments are responsible for complying with the Health Insurance Portability and Accountability Act (HIPAA), the Family Educational Rights and Privacy Act (FERPA), and other relevant laws and regulations pertaining to confidential information. Do not include any protected information when reporting the information required on the Participant Incentive *Receipt forms*, however, departments are responsible for maintaining all required supporting information in the appropriate files documenting incentives paid to participants. (UAPPM 2480 4.0) <https://policy.unm.edu/university-policies/2000/2480.html>