



OFFICIAL DIVISIONAL POLICY
Academic Affairs Division

Contents

- 1.0 Policy Statement
- 2.0 Policy Manager and Responsible Department or Office
- 3.0 Policy
- 4.0 Departments/Offices Affected by this Policy
- 5.0 Procedures Related to this Policy
- 6.0 Related Policies, Documents or Forms
- 7.0 Review Schedule

1.0 **Policy Statement**

This policy governs the use of electronic gift cards as compensation for participation in research. It will comply with federal and state regulations, college guidelines, and ethical standards of human participant research.

2.0 **Policy Manager and Responsible Department(s) or Office(s)**

A. Controller's Office

The Controller's Office staff is responsible for ensuring that the handling of electronic gift cards meets federal and state regulations as well as college guidelines.

B. Responsible Employee(s)

The responsible employee(s) has/have the responsibility to disburse and track electronic gift cards in accordance with College policies and procedures.

C. Office of Procurement and Supply Services

The Office of Procurement and Supply Services is responsible for establishing and funding electronic gift card accounts.

D. Institutional Review Board

The College of Charleston Institutional Review Board (IRB) is responsible for the oversight and evaluation of the institution's research involving human participants by ensuring compliance with the ethical principles embodied in The Belmont Report, federal regulations as described in the Revised Common Rule (45 CFR 46.102), and College of Charleston policies and procedures. Inclusive of this role of human research oversight is the review of compensation provided to participants in College administered research projects. In research projects where the primary risk to the participant is

exposure of their identity, special precautions must be taken to maintain the confidentiality of the research participant.

3.0 Policy

A. Overview

Electronic gift cards provided to human research participants may be appropriate when indicated by the design of a research project or when required by the IRB in order to protect the privacy and/or confidentiality of the research participant. Tangible gift cards may not be used as they create additional risks to the College and would require additional procedures. As cash-equivalent instruments, research incentive gift cards are governed by internal control requirements and may be subject to tax reporting. They must be distributed in accordance with the guidelines set forth in this policy. Please refer to the Regular Disbursements policy for processing checks to research participants.

The Institution balances its responsibility to maintain confidentiality of information about human research participants with record keeping requirements of the State of South Carolina, grantor agencies, College of Charleston, and the Internal Revenue Service. Therefore, the College has developed a policy that when appropriate: a) protects the confidentiality of research participants' personal identifying information such as name, address, and social security number (SSN)/Individual Taxpayer Identifying Number (ITIN) to the greatest extent possible; b) identifies cases in which the total payments per individual United States citizen per year are likely to exceed the \$600 threshold that, by law, requires reporting of income to tax authorities; c) identifies cases in which payments to nonresident aliens (NRA) requires, by law, reporting of income to tax authorities; and d) insures that all research participants are notified that all research participation payments are taxable income. The College recognizes that some types of research pose threats of harm to research participants if their identities or research information is made available to anyone other than members of the immediate research team.

B. Definitions

Institutional Review Board (IRB) for the Protection of Human Research Participants means the board charged with providing research oversight and evaluation of the College's research involving human participants.

Electronic Gift Card for research participation means a stored-value or similar instrument issued via email or text to a research participant in lieu of a check.

Responsible Employee means the faculty or staff member in the department who disburses the research incentive electronic gift cards and is responsible for the documentation, internal control, and other requirements of this policy.

C. Procurement

When approved by the IRB, electronic gift cards for research participants must be purchased by Procurement and Supply Services. Only vendors that allow for the return of unused funds should be used. Personal funds should not be used to purchase electronic gift cards as reimbursement of personal funds is prohibited.

D. Restrictions

1. Under no circumstances are electronic gift cards to be used for a purpose other than paying research participants who are participating in an IRB-approved research study. Departments may not use electronic gift cards to make purchases of any kind.
2. The department conducting the research may not provide electronic gift cards to its employees (whether student employees or otherwise) unless involved in the research study as a study participant.
3. The dollar amount of each gift card cannot exceed \$100 for U.S. Residents or Resident Aliens.
4. Compensation to Nonresident Aliens (NRA) may not be greater than \$45.
5. Employees (whether students or otherwise) may be compensated with electronic gift cards, but such compensation must be reported to Budgeting and Payroll Services so that the appropriate taxes can be deducted and amounts included in the employee's W-2.

E. Internal Controls

The Responsible Employee has primary responsibility for proper usage and for advising faculty, staff, or students of the applicable policies and procedures. The PI must maintain all records regarding the research participants in a secure location. The ability to establish an online account, deposit funds to the account, and disburse electronic gift cards must be performed by different employees. Gift card records are subject to random audit by the College's internal auditor or the funding agency.

F. Tax Reporting

The PI is responsible for informing all research participants that the value of these cards is taxable income to the recipient. United States individuals who receive \$600 or more from the College in a calendar year (from all sources) will receive an IRS Form 1099-NEC. For employees, applicable taxes will be deducted from a subsequent paycheck. Total annual compensation to Nonresident Aliens (NRA) may not be greater than \$45. If compensation exceeds \$45 then identifying information must be collected and taxes withheld and remitted to the IRS.

G. Misuse of Electronic Gift Cards

The Responsible Employee(s) is/are responsible for following all policies and procedures regarding the procurement and disbursement of electronic gift cards. Depending on the circumstances, punitive action including loss of ordering privileges, reimbursement to the College, termination, or prosecution could result. Knowledge of improper use should be reported to the Internal Auditor and the Controller's Office.

4.0 Departments/Offices Affected by the Policy

This policy affects all departments and offices performing human participant research at the College of Charleston.

5.0 Procedures Related to the Policy

See "Procedures for Using Electronic Gift Cards to Compensate Research Participants" on the Academic Affairs website.

6.0 **Related Policies, Documents or Forms**

Internal Revenue Service

South Carolina Code of Laws Sections, including, but not limited to:

- 11-35 (South Carolina Consolidated Procurement Code)

South Carolina General Appropriations Act (General Provisions Section)

South Carolina Comptroller General's Disbursement Regulations

2.2.2.1 Regular Disbursements Policy

Payment for Research Participant Form

Procedures for Using Electronic Gift Cards to Compensate Research Participants

7.0 **Review Schedule**

Approved: July 2021

Next Review Date: October 2026