Introduction

Research and research related activities are viewed as an integral part of a Faculty member’s job (ie. normal duties).

Table 1 outlines the treatment of income and payments for employees of the University as a result of Research, and the responsibilities of faculty supervision.

Table 2 outlines the treatment of various payments made by McMaster University to physicians for teaching.

Frequently Asked Questions and Answers

1. What is the procedure for paying Faculty Supervision?

   After payment has been received from the research sponsor, the faculty supervision is charged in the research ledger and credited to the departmental operating account as a salary recovery (Faculty Supervision).

   Once the transfer has been made, the funds are under the control of the Chair/Dean, and can be used wholly or in part for:

   • Savings to the departmental operating budget
   • Payment of additional employment income (T4) to researchers. The department completes a one-time salary adjustment request, authorized by the Chair/Dean.
   • Support of research through internal grants. The researcher completes an internal grant application form (check with your faculty business manager or director for Faculty specific forms) outlining the research project and the amount requested. On approval by the Chair/Dean, an internally sponsored research project is opened and the funding transferred.
2. If the faculty member’s salary is being paid from different sources, how should the salary recovery from Faculty Supervision be recorded?

Faculty supervision will be transferred to the departmental operating account that pays the faculty member’s base salary. Any resulting over-recovery is a savings to the department, and may be used as outlined in question #1.

3. How should the receipt of Honoraria payable to McMaster University be handled?

Honoraria are payments made to McMaster by outside institutions for faculty members acting on behalf of the University. Honoraria are normally minor amounts and any payments over $5000 should go through the Faculty Business Manager or Director who will work in consultation with the Office of Research Contracts & Intellectual Property.

These payments for the faculty members’ time are a recovery and should be deposited to the departmental account. These savings are under the control of the Chair and may be used as outlined in question #1 above.

4. How is the determination made if the faculty member was representing McMaster?

Honoraria payable to McMaster University indicates that the faculty member was representing the University and as such these payments fall under this Policy.

5. A faculty member was doing work in another country for an institute that didn't want to enter into an agreement with McMaster, and paid the faculty member directly. Can the money be deposited into a research account?

No. Since McMaster is not a party to the agreement with the outside institute, the cheque was payable to the faculty member and the income must be taken personally.

6. How should payment be made to a retired faculty member engaged in activities related to teaching and/or research?

The policy on Engagement of Independent Contractors should be consulted to determine if the retired faculty member is an employee or consultant. If the work is similar to what the faculty member did before retirement, it is very likely that there will be an employment relationship created when the person is engaged by the University.

7. Is a ‘consultant’ the same thing as an ‘independent contractor’?

Not necessarily, some employees job titles include the word consultant, and some consultants may be independent contractors. Please consult the policy on Engagement of Independent Contractors to guide the decision as to whether the person is an ‘employee consultant’ or an independent contractor.
### TABLE 1: Treatment of Income and Payments for McMaster Employees as a Result of Research

<table>
<thead>
<tr>
<th>Type of Income</th>
<th>Honorarium</th>
<th>Faculty Supervision</th>
<th>Release Time</th>
<th>Consulting</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Definition of Income</strong></td>
<td>Income associated with McMaster employees invited to speak externally on their area of expertise</td>
<td>Income associated with McMaster employees to oversee a project, supervise students and/or report on the outcomes or contribute to a research project or program.</td>
<td>Income associated with teaching release of a faculty member in order to provide the faculty member with dedicated research time</td>
<td>Income for work performed outside the course of normal duties of the McMaster employee, conducted off site without use of University facilities and resources, with associated expenses covered by the employee directly</td>
</tr>
<tr>
<td><strong>Treatment when the payment is a result of agreement between the University &amp; an Outside Party?</strong></td>
<td>Payment is transferred to the Faculty and treated as a recovery to the Faculty</td>
<td>A consulting agreement (See Appendix F) that forms a sub-agreement must exist between the University and the Individual or their Company signed by the Dean, Chair and Executive Director of RC&amp;IP. Any Conflict of Interest must be declared before a payment can be issued.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Can the Individual access these funds?</strong></td>
<td>As this income may generate operating savings for the Faculty, allocation of all or part of these funds to the McMaster employee as payment or research grant is subject to the approval by the Faculty ** based upon a request from the individual.</td>
<td>No</td>
<td>Yes, by virtue of the signed sub-agreement</td>
<td></td>
</tr>
<tr>
<td><strong>Access options</strong></td>
<td>Direct Payment</td>
<td>Research Account</td>
<td>Direct Payment</td>
<td>Research Account</td>
</tr>
<tr>
<td>**Process *****</td>
<td>Faculty issues payroll form for approved payment of agreed amount</td>
<td>Faculty requests, in compliance with the Internal Sponsored Research (ISR) policy, a research ledger account be opened in the McMaster employee’s name and transfers in approved research funds</td>
<td>Faculty requests, in compliance with the Internal Sponsored Research (ISR) policy, a research ledger account be opened in the McMaster employee’s name and transfers in approved research funds</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Tax treatment</strong></td>
<td>T4 issued</td>
<td>Not taxable</td>
<td>T4 issued</td>
<td>Not taxable</td>
</tr>
</tbody>
</table>

Research and research related activities are viewed as an integral part of a Faculty member’s job (i.e. normal duties).

* Funds specific to a non-McMaster agreement (i.e. only between the McMaster employee & an Outside Party for research unrelated McMaster duties and not utilizing University facilities and resources) are not administered by McMaster. Such income must be handled and reported on exclusively by the McMaster employee.

** Such internal research funding is provided to faculty members from faculty operating funds based upon a request to and approval by the appropriate Faculty Dean. Faculty members do not need to be in receipt of an honorarium or faculty supervision to apply for an internal research grant.

*** Processes may differ by Faculty

Guidelines for Treatment of External Payments for Existing Employees
### TABLE 2: Various Payments Made by McMaster University to Physicians for Teaching

<table>
<thead>
<tr>
<th>TYPE OF INSTRUCTION</th>
<th>UNIT OF WORK</th>
<th>LOCATION OF WORK</th>
<th>SCOPE OF WORK BY FUNDING SOURCE/PROGRAM</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Regular Operating Budget</td>
</tr>
<tr>
<td>Traditional Classroom</td>
<td>Large Group lecture</td>
<td>Lecture Theatre</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tutor, MD Program, $4,500 per session</td>
<td>Conference Room</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Clinical Skills Preceptor, $3000 per session</td>
<td>Clinical Skill Lab - simulated patients</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Clinical Skills Preceptor, $3000 per session</td>
<td>Physician Office - real patients</td>
<td></td>
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<tr>
<td></td>
<td>Clerkship Supervisor, Core placement $1000/month</td>
<td>Hospital Ward / Clinic Physician Private Office</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Clerkship Supervisor, elective placement $1000/month</td>
<td>Hospital Ward / Clinic Physician Private Office</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Resident Supervisor</td>
<td>Hospital Ward / Clinic Physician Private Office</td>
<td>Payments Processed as T4 Income</td>
</tr>
</tbody>
</table>